

SUBSTITUTE FOR
SENATE BILL NO. 1026

A bill to provide for the establishment of certain tax increment finance authorities; to prescribe the powers and duties of the authorities; to correct and prevent deterioration in residential, commercial, and industrial areas and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create certain boards; to prescribe the powers and duties of certain boards; to authorize the issuance of bonds and other evidences of indebtedness; to levy certain taxes; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide

for rule promulgation; to provide for enforcement of this act; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

Sec. 101. This act shall be known and may be cited as the "recodified tax increment financing act".

Sec. 102. (1) The repeal of a statute or section of law by this act does not relinquish any penalty, forfeiture, or liability, whether criminal or civil in nature, and that statute or section of law shall be treated as still remaining in force as necessary for the purpose of instituting or sustaining any proper action or prosecution for the enforcement of the penalty, forfeiture, or liability.

(2) A bond, note, or any other obligation issued by or on behalf of an authority under a statute or section of law repealed by this act shall continue in effect under its original terms under the corresponding part of this act.

(3) A contractual right, duty, or obligation relating to an authority under a statute or section of law repealed by this act shall continue and remain with the authority under the corresponding part of this act.

(4) A development plan or a tax increment financing plan developed by an authority under a statute or section of law repealed by this act shall remain in effect with the authority under the corresponding part of this act.

Sec. 103. Members of a board of an authority created under a statute or section of law repealed by this act with the same or

1 similar name and functions shall continue in office for the
2 duration of the terms of office for which they were appointed.
3 Members shall be appointed under this act only as terms of the
4 former members expire or vacancies occur. Members of the board of
5 an authority created under a statute or section of law repealed by
6 this act may be appointed to the new board to succeed themselves
7 subject to any limits for the total period of service set forth in
8 this act.

9 PART 2

10 Sec. 201. As used in this part:

11 (a) "Advance" means a transfer of funds made by a municipality
12 to an authority or to another person on behalf of the authority in
13 anticipation of repayment by the authority. Evidence of the intent
14 to repay an advance may include, but is not limited to, an executed
15 agreement to repay, provisions contained in a tax increment
16 financing plan approved prior to the advance, or a resolution of
17 the authority or the municipality.

18 (b) "Assessed value" means 1 of the following:

19 (i) For valuations made before January 1, 1995, the state
20 equalized valuation as determined under the general property tax
21 act, 1893 PA 206, MCL 211.1 to 211.155.

22 (ii) For valuations made after December 31, 1994, the taxable
23 value as determined under section 27a of the general property tax
24 act, 1893 PA 206, MCL 211.27a.

25 (c) "Authority" means a downtown development authority created
26 pursuant to this part.

27 (d) "Board" means the governing body of an authority.

1 (e) "Business district" means an area in the downtown of a
2 municipality zoned and used principally for business.

3 (f) "Captured assessed value" means the amount in any 1 year
4 by which the current assessed value of the project area, including
5 the assessed value of property for which specific local taxes are
6 paid in lieu of property taxes as determined in subdivision (aa),
7 exceeds the initial assessed value. The state tax commission shall
8 prescribe the method for calculating captured assessed value.

9 (g) "Catalyst development project" means a project that is
10 located in a municipality with a population greater than 600,000,
11 is designated by the authority as a catalyst development project,
12 and is expected to result in at least \$300,000,000.00 of capital
13 investment. There shall be no more than 1 catalyst development
14 project designated within each authority.

15 (h) "Chief executive officer" means the mayor or city manager
16 of a city, the president or village manager of a village, or the
17 supervisor of a township or, if designated by the township board
18 for purposes of this part, the township superintendent or township
19 manager of a township.

20 (i) "Development area" means that area to which a development
21 plan is applicable.

22 (j) "Development plan" means that information and those
23 requirements for a development plan set forth in section 217.

24 (k) "Development program" means the implementation of the
25 development plan.

26 (l) "Downtown district" means that part of an area in a
27 business district that is specifically designated by ordinance of

1 the governing body of the municipality pursuant to this part. A
2 downtown district may include 1 or more separate and distinct
3 geographic areas in a business district as determined by the
4 municipality if the municipality enters into an agreement with a
5 qualified township under section 203(7) or if the municipality is a
6 city that surrounds another city and that other city lies between
7 the 2 separate and distinct geographic areas. If the downtown
8 district contains more than 1 separate and distinct geographic area
9 in the downtown district, the separate and distinct geographic
10 areas shall be considered 1 downtown district.

11 (m) "Eligible advance" means an advance made before August 19,
12 1993.

13 (n) "Eligible obligation" means an obligation issued or
14 incurred by an authority or by a municipality on behalf of an
15 authority before August 19, 1993 and its subsequent refunding by a
16 qualified refunding obligation. Eligible obligation includes an
17 authority's written agreement entered into before August 19, 1993
18 to pay an obligation issued after August 18, 1993 and before
19 December 31, 1996 by another entity on behalf of the authority.

20 (o) "Fire alarm system" means a system designed to detect and
21 annunciate the presence of fire, or by-products of fire. Fire alarm
22 system includes smoke detectors.

23 (p) "Fiscal year" means the fiscal year of the authority.

24 (q) "Governing body of a municipality" means the elected body
25 of a municipality having legislative powers.

26 (r) "Initial assessed value" means the assessed value, as
27 equalized, of all the taxable property within the boundaries of the

1 development area at the time the ordinance establishing the tax
2 increment financing plan is approved, as shown by the most recent
3 assessment roll of the municipality for which equalization has been
4 completed at the time the resolution is adopted. Property exempt
5 from taxation at the time of the determination of the initial
6 assessed value shall be included as zero. For the purpose of
7 determining initial assessed value, property for which a specific
8 local tax is paid in lieu of a property tax shall not be considered
9 to be property that is exempt from taxation. The initial assessed
10 value of property for which a specific local tax was paid in lieu
11 of a property tax shall be determined as provided in subdivision
12 (aa). In the case of a municipality having a population of less
13 than 35,000 that established an authority prior to 1985, created a
14 district or districts, and approved a development plan or tax
15 increment financing plan or amendments to a plan, and which plan or
16 tax increment financing plan or amendments to a plan, and which
17 plan expired by its terms December 31, 1991, the initial assessed
18 value for the purpose of any plan or plan amendment adopted as an
19 extension of the expired plan shall be determined as if the plan
20 had not expired December 31, 1991. For a development area
21 designated before 1997 in which a renaissance zone has subsequently
22 been designated pursuant to the Michigan renaissance zone act, 1996
23 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the
24 development area otherwise determined under this subdivision shall
25 be reduced by the amount by which the current assessed value of the
26 development area was reduced in 1997 due to the exemption of
27 property under section 7ff of the general property tax act, 1893 PA

1 206, MCL 211.7ff, but in no case shall the initial assessed value
2 be less than zero.

3 (s) "Municipality" means a city, village, or township.

4 (t) "Obligation" means a written promise to pay, whether
5 evidenced by a contract, agreement, lease, sublease, bond, or note,
6 or a requirement to pay imposed by law. An obligation does not
7 include a payment required solely because of default upon an
8 obligation, employee salaries, or consideration paid for the use of
9 municipal offices. An obligation does not include those bonds that
10 have been economically defeased by refunding bonds issued under
11 this part. Obligation includes, but is not limited to, the
12 following:

13 (i) A requirement to pay proceeds derived from ad valorem
14 property taxes or taxes levied in lieu of ad valorem property
15 taxes.

16 (ii) A management contract or a contract for professional
17 services.

18 (iii) A payment required on a contract, agreement, bond, or
19 note if the requirement to make or assume the payment arose before
20 August 19, 1993.

21 (iv) A requirement to pay or reimburse a person for the cost
22 of insurance for, or to maintain, property subject to a lease, land
23 contract, purchase agreement, or other agreement.

24 (v) A letter of credit, paying agent, transfer agent, bond
25 registrar, or trustee fee associated with a contract, agreement,
26 bond, or note.

27 (u) "On behalf of an authority", in relation to an eligible

1 advance made by a municipality, or an eligible obligation or other
2 protected obligation issued or incurred by a municipality, means in
3 anticipation that an authority would transfer tax increment
4 revenues or reimburse the municipality from tax increment revenues
5 in an amount sufficient to fully make payment required by the
6 eligible advance made by the municipality, or eligible obligation
7 or other protected obligation issued or incurred by the
8 municipality, if the anticipation of the transfer or receipt of tax
9 increment revenues from the authority is pursuant to or evidenced
10 by 1 or more of the following:

11 (i) A reimbursement agreement between the municipality and an
12 authority it established.

13 (ii) A requirement imposed by law that the authority transfer
14 tax increment revenues to the municipality.

15 (iii) A resolution of the authority agreeing to make payments
16 to the incorporating unit.

17 (iv) Provisions in a tax increment financing plan describing
18 the project for which the obligation was incurred.

19 (v) "Operations" means office maintenance, including salaries
20 and expenses of employees, office supplies, consultation fees,
21 design costs, and other expenses incurred in the daily management
22 of the authority and planning of its activities.

23 (w) "Other protected obligation" means:

24 (i) A qualified refunding obligation issued to refund an
25 obligation described in subparagraph (ii), (iii), or (iv), an
26 obligation that is not a qualified refunding obligation that is
27 issued to refund an eligible obligation, or a qualified refunding

1 obligation issued to refund an obligation described in this
2 subparagraph.

3 (ii) An obligation issued or incurred by an authority or by a
4 municipality on behalf of an authority after August 19, 1993, but
5 before December 31, 1994, to finance a project described in a tax
6 increment finance plan approved by the municipality in accordance
7 with this part before December 31, 1993, for which a contract for
8 final design is entered into by or on behalf of the municipality or
9 authority before March 1, 1994 or for which a written agreement
10 with a developer, titled preferred development agreement, was
11 entered into by or on behalf of the municipality or authority in
12 July 1993.

13 (iii) An obligation incurred by an authority or municipality
14 after August 19, 1993, to reimburse a party to a development
15 agreement entered into by a municipality or authority before August
16 19, 1993, for a project described in a tax increment financing plan
17 approved in accordance with this part before August 19, 1993, and
18 undertaken and installed by that party in accordance with the
19 development agreement.

20 (iv) An obligation incurred by the authority evidenced by or
21 to finance a contract to purchase real property within a
22 development area or a contract to develop that property within the
23 development area, or both, if all of the following requirements are
24 met:

25 (A) The authority purchased the real property in 1993.

26 (B) Before June 30, 1995, the authority enters a contract for
27 the development of the real property located within the development

1 area.

2 (C) In 1993, the authority or municipality on behalf of the
3 authority received approval for a grant from both of the following:

4 (I) The department of natural resources for site reclamation
5 of the real property.

6 (II) The department of consumer and industry services for
7 development of the real property.

8 (v) An ongoing management or professional services contract
9 with the governing body of a county which was entered into before
10 March 1, 1994 and which was preceded by a series of limited term
11 management or professional services contracts with the governing
12 body of the county, the last of which was entered into before
13 August 19, 1993.

14 (vi) A loan from a municipality to an authority if the loan
15 was approved by the legislative body of the municipality on April
16 18, 1994.

17 (vii) Funds expended to match a grant received by a
18 municipality on behalf of an authority for sidewalk improvements
19 from the Michigan department of transportation if the legislative
20 body of the municipality approved the grant application on April 5,
21 1993 and the grant was received by the municipality in June 1993.

22 (viii) For taxes captured in 1994, an obligation described in
23 this subparagraph issued or incurred to finance a project. An
24 obligation is considered issued or incurred to finance a project
25 described in this subparagraph only if all of the following are
26 met:

27 (A) The obligation requires raising capital for the project or

1 paying for the project, whether or not a borrowing is involved.

2 (B) The obligation was part of a development plan and the tax
3 increment financing plan was approved by a municipality on May 6,
4 1991.

5 (C) The obligation is in the form of a written memorandum of
6 understanding between a municipality and a public utility dated
7 October 27, 1994.

8 (D) The authority or municipality captured school taxes during
9 1994.

10 (ix) An obligation incurred after July 31, 2012 by an
11 authority, municipality, or other governmental unit to pay for
12 costs associated with a catalyst development project.

13 (x) "Public facility" means a street, plaza, pedestrian mall,
14 and any improvements to a street, plaza, or pedestrian mall
15 including street furniture and beautification, park, parking
16 facility, recreational facility, right-of-way, structure, waterway,
17 bridge, lake, pond, canal, utility line or pipe, building, and
18 access routes to any of the foregoing, designed and dedicated to
19 use by the public generally, or used by a public agency. Public
20 facility includes an improvement to a facility used by the public
21 or a public facility as those terms are defined in section 1 of
22 1966 PA 1, MCL 125.1351, which improvement is made to comply with
23 the barrier free design requirements of the state construction code
24 promulgated under the Stille-DeRossett-Hale single state
25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
26 Public facility also includes the acquisition, construction,
27 improvement, and operation of a building owned or leased by the

1 authority to be used as a retail business incubator.

2 (y) "Qualified refunding obligation" means an obligation
3 issued or incurred by an authority or by a municipality on behalf
4 of an authority to refund an obligation if 1 or more of the
5 following apply:

6 (i) The obligation is issued to refund a qualified refunding
7 obligation issued in November 1997 and any subsequent refundings of
8 that obligation issued before January 1, 2010 or the obligation is
9 issued to refund a qualified refunding obligation issued on May 15,
10 1997 and any subsequent refundings of that obligation issued before
11 January 1, 2010 in an authority in which 1 parcel or group of
12 parcels under common ownership represents 50% or more of the
13 taxable value captured within the tax increment finance district
14 and that will ultimately provide for at least a 40% reduction in
15 the taxable value of the property as part of a negotiated
16 settlement as a result of an appeal filed with the state tax
17 tribunal. Qualified refunding obligations issued under this
18 subparagraph are not subject to the requirements of section 611 of
19 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if
20 issued before January 1, 2010. The duration of the development
21 program described in the tax increment financing plan relating to
22 the qualified refunding obligations issued under this subparagraph
23 is hereby extended to 1 year after the final date of maturity of
24 the qualified refunding obligations.

25 (ii) The refunding obligation meets both of the following:

26 (A) The net present value of the principal and interest to be
27 paid on the refunding obligation, including the cost of issuance,

1 will be less than the net present value of the principal and
2 interest to be paid on the obligation being refunded, as calculated
3 using a method approved by the department of treasury.

4 (B) The net present value of the sum of the tax increment
5 revenues described in subdivision (cc)(ii) and the distributions
6 under section 213b to repay the refunding obligation will not be
7 greater than the net present value of the sum of the tax increment
8 revenues described in subdivision (cc)(ii) and the distributions
9 under section 213b to repay the obligation being refunded, as
10 calculated using a method approved by the department of treasury.

11 (iii) The obligation is issued to refund an other protected
12 obligation issued as a capital appreciation bond delivered to the
13 Michigan municipal bond authority on December 21, 1994 and any
14 subsequent refundings of that obligation issued before January 1,
15 2012. Qualified refunding obligations issued under this
16 subparagraph are not subject to the requirements of section 305(2),
17 (3), (5), and (6), section 501, section 503, or section 611 of the
18 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,
19 141.2503, and 141.2611, if issued before January 1, 2012. The
20 duration of the development program described in the tax increment
21 financing plan relating to the qualified refunding obligations
22 issued under this subparagraph is extended to 1 year after the
23 final date of maturity of the qualified refunding obligations. The
24 obligation may be payable through the year 2025 at an interest rate
25 not exceeding the maximum rate permitted by law, notwithstanding
26 the bond maturity dates contained in the notice of intent to issue
27 bonds published by the municipality. An obligation issued under

1 this subparagraph is a qualified refunding obligation only to the
2 extent that revenues described in subdivision (cc) (ii) and
3 distributions under section 213b to repay the qualified refunding
4 obligation do not exceed \$750,000.00.

5 (iv) The obligation is issued to refund a qualified refunding
6 obligation issued on February 13, 2008, and any subsequent
7 refundings of that obligation, issued before December 31, 2018.

8 Qualified refunding obligations issued under this subparagraph are
9 not subject to the requirements of section 305(2), (3), (5), and
10 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA
11 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of
12 the development program described in the tax increment financing
13 plan relating to the qualified refunding obligations issued under
14 this subparagraph is extended to 1 year after the final date of
15 maturity of the qualified refunding obligations. Revenues described
16 in subdivision (cc) (ii) and distributions made under section 213b
17 in excess of the amount needed for current year debt service on an
18 obligation issued under this subparagraph may be paid to the
19 authority to the extent necessary to pay future years' debt service
20 on the obligation as determined by the board.

21 (z) "Qualified township" means a township that meets all of
22 the following requirements:

23 (i) Was not eligible to create an authority prior to January
24 3, 2005.

25 (ii) Adjoins a municipality that previously created an
26 authority.

27 (iii) Along with the adjoining municipality that previously

1 created an authority, is a member of the same joint planning
2 commission under the joint municipal planning act, 2003 PA 226, MCL
3 125.131 to 125.143.

4 (aa) "Specific local tax" means a tax levied under 1974 PA
5 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
6 PA 255, MCL 207.651 to 207.668, the technology park development
7 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL
8 211.181 to 211.182. The initial assessed value or current assessed
9 value of property subject to a specific local tax shall be the
10 quotient of the specific local tax paid divided by the ad valorem
11 millage rate. However, after 1993, the state tax commission shall
12 prescribe the method for calculating the initial assessed value and
13 current assessed value of property for which a specific local tax
14 was paid in lieu of a property tax.

15 (bb) "State fiscal year" means the annual period commencing
16 October 1 of each year.

17 (cc) "Tax increment revenues" means the amount of ad valorem
18 property taxes and specific local taxes attributable to the
19 application of the levy of all taxing jurisdictions upon the
20 captured assessed value of real and personal property in the
21 development area, subject to the following requirements:

22 (i) Tax increment revenues include ad valorem property taxes
23 and specific local taxes attributable to the application of the
24 levy of all taxing jurisdictions other than the state pursuant to
25 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
26 and local or intermediate school districts upon the captured
27 assessed value of real and personal property in the development

1 area for any purpose authorized by this part.

2 (ii) Tax increment revenues include ad valorem property taxes
3 and specific local taxes attributable to the application of the
4 levy of the state pursuant to the state education tax act, 1993 PA
5 331, MCL 211.901 to 211.906, and local or intermediate school
6 districts upon the captured assessed value of real and personal
7 property in the development area in an amount equal to the amount
8 necessary, without regard to subparagraph (i), to repay eligible
9 advances, eligible obligations, and other protected obligations.

10 (iii) Tax increment revenues do not include any of the
11 following:

12 (A) Ad valorem property taxes attributable either to a portion
13 of the captured assessed value shared with taxing jurisdictions
14 within the jurisdictional area of the authority or to a portion of
15 value of property that may be excluded from captured assessed value
16 or specific local taxes attributable to such ad valorem property
17 taxes.

18 (B) Ad valorem property taxes excluded by the tax increment
19 financing plan of the authority from the determination of the
20 amount of tax increment revenues to be transmitted to the authority
21 or specific local taxes attributable to such ad valorem property
22 taxes.

23 (C) Ad valorem property taxes exempted from capture under
24 section 203(3) or specific local taxes attributable to such ad
25 valorem property taxes.

26 (D) Ad valorem property taxes levied under 1 or more of the
27 following or specific local taxes attributable to those ad valorem

1 property taxes:

2 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
3 to 123.1183.

4 (II) The art institute authorities act, 2010 PA 296, MCL
5 123.1201 to 123.1229.

6 (iv) The amount of tax increment revenues authorized to be
7 included under subparagraph (ii) or (v), and required to be
8 transmitted to the authority under section 214(1), from ad valorem
9 property taxes and specific local taxes attributable to the
10 application of the levy of the state education tax act, 1993 PA
11 331, MCL 211.901 to 211.906, a local school district or an
12 intermediate school district upon the captured assessed value of
13 real and personal property in a development area shall be
14 determined separately for the levy by the state, each school
15 district, and each intermediate school district as the product of
16 sub-subparagraphs (A) and (B):

17 (A) The percentage that the total ad valorem taxes and
18 specific local taxes available for distribution by law to the
19 state, local school district, or intermediate school district,
20 respectively, bears to the aggregate amount of ad valorem millage
21 taxes and specific taxes available for distribution by law to the
22 state, each local school district, and each intermediate school
23 district.

24 (B) The maximum amount of ad valorem property taxes and
25 specific local taxes considered tax increment revenues under
26 subparagraph (ii) or (v).

27 (v) Tax increment revenues include ad valorem property taxes

1 and specific local taxes, in an annual amount and for each year
2 approved by the state treasurer, attributable to the levy by this
3 state under the state education tax act, 1993 PA 331, MCL 211.901
4 to 211.906, and by local or intermediate school districts, upon the
5 captured assessed value of real and personal property in the
6 development area of an authority established in a city with a
7 population of 600,000 or more to pay for, or reimburse an advance
8 for, not more than \$8,000,000.00 for the demolition of buildings or
9 structures on public or privately owned property within a
10 development area that commences in 2005, or to pay the annual
11 principal of or interest on an obligation, the terms of which are
12 approved by the state treasurer, issued by an authority, or by a
13 city on behalf of an authority, to pay not more than \$8,000,000.00
14 of the costs to demolish buildings or structures on public or
15 privately owned property within a development area that commences
16 in 2005.

17 (vi) Tax increment revenues include ad valorem property taxes
18 and specific local taxes attributable to the levy by this state
19 under the state education tax act, 1993 PA 331, MCL 211.201 to
20 211.906, and by local or intermediate school districts which were
21 levied on or after July 1, 2010, upon the captured assessed value
22 of real and personal property in the development area of an
23 authority established in a city with a population of 600,000 or
24 more to pay for, or reimburse an advance for, costs associated with
25 the land acquisition, preliminary site work, and construction of a
26 catalyst development project.

27 Sec. 201a. The legislature finds all of the following:

1 (a) That there exists in this state conditions of property
2 value deterioration detrimental to the state economy and the
3 economic growth of the state and its local units of government.

4 (b) That government programs are desirable and necessary to
5 eliminate the causes of property value deterioration thereby
6 benefiting the economic growth of the state.

7 (c) That it is appropriate to finance these government
8 programs by means available to the state and local units of
9 government in the state, including tax increment financing.

10 (d) That tax increment financing is a government financing
11 program that contributes to economic growth and development by
12 dedicating a portion of the increase in the tax base resulting from
13 economic growth and development to facilities, structures, or
14 improvements within a development area thereby facilitating
15 economic growth and development.

16 (e) That it is necessary for the legislature to exercise its
17 power to legislate tax increment financing as authorized in this
18 part and in the exercise of this power to mandate the transfer of
19 tax increment revenues by city, village, township, school district,
20 and county treasurers to authorities created under this part in
21 order to effectuate the legislative government programs to
22 eliminate property value deterioration and to promote economic
23 growth.

24 (f) That halting property value deterioration and promoting
25 economic growth in the state are essential governmental functions
26 and constitute essential public purposes.

27 (g) That economic development strengthens the tax base upon

1 which local units of government rely and that government programs
2 to eliminate property value deterioration benefit local units of
3 government and are for the use of the local units of government.

4 (h) That the provisions of this part are enacted to provide a
5 means for local units of government to eliminate property value
6 deterioration and to promote economic growth in the communities
7 served by those local units of government.

8 Sec. 202. (1) Except as otherwise provided in this subsection,
9 a municipality may establish 1 authority. If, before November 1,
10 1985, a municipality establishes more than 1 authority, those
11 authorities may continue to exist as separate authorities. Under
12 the conditions described in section 203a, a municipality may have
13 more than 1 authority within that municipality's boundaries. A
14 parcel of property shall not be included in more than 1 authority
15 created by this part.

16 (2) An authority shall be a public body corporate which may
17 sue and be sued in any court of this state. An authority possesses
18 all the powers necessary to carry out the purpose of its
19 incorporation. The enumeration of a power in this part shall not be
20 construed as a limitation upon the general powers of an authority.

21 Sec. 203. (1) When the governing body of a municipality
22 determines that it is necessary for the best interests of the
23 public to halt property value deterioration and increase property
24 tax valuation where possible in its business district, to eliminate
25 the causes of that deterioration, and to promote economic growth,
26 the governing body may, by resolution, declare its intention to
27 create and provide for the operation of an authority.

1 (2) In the resolution of intent, the governing body shall set
2 a date for the holding of a public hearing on the adoption of a
3 proposed ordinance creating the authority and designating the
4 boundaries of the downtown district. Notice of the public hearing
5 shall be published twice in a newspaper of general circulation in
6 the municipality, not less than 20 or more than 40 days before the
7 date of the hearing. Not less than 20 days before the hearing, the
8 governing body proposing to create the authority shall also mail
9 notice of the hearing to the property taxpayers of record in the
10 proposed district and for a public hearing to be held after
11 February 15, 1994 to the governing body of each taxing jurisdiction
12 levying taxes that would be subject to capture if the authority is
13 established and a tax increment financing plan is approved.
14 Beginning June 1, 2005, the notice of hearing within the time frame
15 described in this subsection shall be mailed by certified mail to
16 the governing body of each taxing jurisdiction levying taxes that
17 would be subject to capture if the authority is established and a
18 tax increment financing plan is approved. Failure of a property
19 taxpayer to receive the notice shall not invalidate these
20 proceedings. Notice of the hearing shall be posted in at least 20
21 conspicuous and public places in the proposed downtown district not
22 less than 20 days before the hearing. The notice shall state the
23 date, time, and place of the hearing, and shall describe the
24 boundaries of the proposed downtown district. A citizen, taxpayer,
25 or property owner of the municipality or an official from a taxing
26 jurisdiction with millage that would be subject to capture has the
27 right to be heard in regard to the establishment of the authority

1 and the boundaries of the proposed downtown district. The governing
2 body of the municipality shall not incorporate land into the
3 downtown district not included in the description contained in the
4 notice of public hearing, but it may eliminate described lands from
5 the downtown district in the final determination of the boundaries.

6 (3) Not more than 60 days after a public hearing held after
7 February 15, 1994, the governing body of a taxing jurisdiction
8 levying ad valorem property taxes that would otherwise be subject
9 to capture may exempt its taxes from capture by adopting a
10 resolution to that effect and filing a copy with the clerk of the
11 municipality proposing to create the authority. The resolution
12 takes effect when filed with that clerk and remains effective until
13 a copy of a resolution rescinding that resolution is filed with
14 that clerk.

15 (4) Not less than 60 days after the public hearing, if the
16 governing body of the municipality intends to proceed with the
17 establishment of the authority, it shall adopt, by majority vote of
18 its members, an ordinance establishing the authority and
19 designating the boundaries of the downtown district within which
20 the authority shall exercise its powers. The adoption of the
21 ordinance is subject to any applicable statutory or charter
22 provisions in respect to the approval or disapproval by the chief
23 executive or other officer of the municipality and the adoption of
24 an ordinance over his or her veto. This ordinance shall be filed
25 with the secretary of state promptly after its adoption and shall
26 be published at least once in a newspaper of general circulation in
27 the municipality.

1 (5) The governing body of the municipality may alter or amend
2 the boundaries of the downtown district to include or exclude lands
3 from the downtown district pursuant to the same requirements for
4 adopting the ordinance creating the authority.

5 (6) A municipality that has created an authority may enter
6 into an agreement with an adjoining municipality that has created
7 an authority to jointly operate and administer those authorities
8 under an interlocal agreement under the urban cooperation act of
9 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

10 (7) A municipality that has created an authority may enter
11 into an agreement with a qualified township to operate its
12 authority in a downtown district in the qualified township under an
13 interlocal agreement under the urban cooperation act of 1967, 1967
14 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement
15 between the municipality and the qualified township shall provide
16 for, but is not limited to, all of the following:

17 (a) Size and makeup of the board.

18 (b) Determination and modification of downtown district,
19 business district, and development area.

20 (c) Modification of development area and development plan.

21 (d) Issuance and repayment of obligations.

22 (e) Capture of taxes.

23 (f) Notice, hearing, and exemption of taxes from capture
24 provisions described in this section.

25 Sec. 203a. If a downtown district is part of an area annexed
26 to or consolidated with another municipality, the authority
27 managing that district shall become an authority of the annexing or

1 consolidated municipality. Obligations of that authority incurred
2 under a development or tax increment plan, agreements related to a
3 development or tax increment plan, and bonds issued under this part
4 shall remain in effect following the annexation or consolidation.

5 Sec. 203b. (1) An ordinance enacted by a municipality that has
6 a population of less than 50,000 establishing an authority,
7 creating a district, or approving a development plan or tax
8 increment financing plan, or an amendment to an authority,
9 district, or plan, and all actions taken under that ordinance,
10 including the issuance of bonds, are ratified and validated
11 notwithstanding that notice for the public hearing on the
12 establishment of the authority, creation of the district, or
13 approval of the development plan or tax increment financing plan,
14 or on the amendment, was not published, posted, or mailed at least
15 20 days before the hearing, if the notice was published or posted
16 at least 15 days before the hearing or the authority was
17 established in 1984 by a village that filed the ordinance with the
18 secretary of state not later than March, 1986. This section applies
19 only to an ordinance adopted by a municipality before February 1,
20 1991, and shall include any bonds or amounts to be used by the
21 authority to pay the principal of and interest on bonds that have
22 been issued or that are to be issued by the authority, the
23 incorporating municipality, or a county on behalf of the
24 incorporating municipality. An authority for which an ordinance or
25 amendment to the ordinance establishing the authority has been
26 published before February 1, 1991 is considered for purposes of
27 section 203(4) to have promptly filed the ordinance or amendment to

1 the ordinance with the secretary of state if the ordinance or
2 amendment to the ordinance is filed with the secretary of state
3 before October 1, 1991. As used in this section, "notice was
4 published" means publication of the notice occurred at least once.

5 (2) A development plan and tax increment financing plan
6 approved by a resolution adopted by the village council of a
7 village having a population of less than 3,000 before June 15, 1988
8 rather than by adoption of an ordinance is ratified and validated,
9 if an amendment to the plans was adopted by the village council in
10 compliance with sections 18 and 19.

11 (3) A development plan and tax increment financing plan
12 approved by a resolution adopted by the village council of a
13 village having a population of less than 7,000 before June 1, 1998
14 rather than by adoption of an ordinance is ratified and validated
15 if an amendment to the plans was adopted by the village council in
16 compliance with sections 18 and 19.

17 Sec. 203c. The validity of the proceedings or findings
18 establishing an authority, or of the procedure, adequacy of notice,
19 or findings with respect to the approval of a development plan or
20 tax increment financing plan is conclusive with respect to the
21 capture of tax increment revenues for an other protected obligation
22 that is a bond issued after October 1, 1994.

23 Sec. 203d. An ordinance enacted by a municipality that has a
24 population of greater than 1,000 and less than 2,000 establishing
25 an authority, creating a district, or approving a development plan
26 or tax increment financing plan, or an amendment to an authority,
27 district, or plan, and all actions taken or to be taken under that

1 ordinance, including the issuance of bonds, are ratified and
2 validated notwithstanding that notice for the public hearing on the
3 establishment of the authority, creation of the district, or
4 approval of the development plan or tax increment financing plan,
5 or on the amendment, was not published, posted, or mailed at least
6 20 days before the hearing, provided that the notice was either
7 published or posted at least 10 days before the hearing or that the
8 authority was established in 1990 by a municipality that filed the
9 ordinance with the secretary of state not later than July 1991.
10 This section applies only to an ordinance or an amendment adopted
11 by a municipality before January 1, 1999 and shall include any
12 bonds or amounts to be used by the authority to pay the principal
13 of and interest on bonds that have been issued or that are to be
14 issued by the authority or the incorporating municipality. An
15 authority for which an ordinance or amendment to the ordinance
16 establishing the authority has been published before February 1,
17 1991 is considered for purposes of section 203(3) to have promptly
18 filed the ordinance or amendment to the ordinance with the
19 secretary of state if the ordinance or amendment to the ordinance
20 is filed with the secretary of state before December 31, 2002. The
21 validity of the proceedings or findings establishing an authority
22 described in this section, or of the procedure, adequacy of notice,
23 or findings with respect to the approval of a development plan or
24 tax increment financing plan for an authority described in this
25 section is conclusive with respect to the capture of tax increment
26 revenues for a bond issued after June 1, 2002 and before June 1,
27 2006. As used in this section, "notice was either published or

1 posted" means either publication or posting of the notice occurred
2 at least once.

3 Sec. 204. (1) Except as provided in subsections (7), (8), and
4 (9), an authority shall be under the supervision and control of a
5 board consisting of the chief executive officer of the municipality
6 and not less than 8 or more than 12 members as determined by the
7 governing body of the municipality. Members shall be appointed by
8 the chief executive officer of the municipality, subject to
9 approval by the governing body of the municipality. Not less than a
10 majority of the members shall be persons having an interest in
11 property located in the downtown district or officers, members,
12 trustees, principals, or employees of a legal entity having an
13 interest in property located in the downtown district. Not less
14 than 1 of the members shall be a resident of the downtown district,
15 if the downtown district has 100 or more persons residing within
16 it. Of the members first appointed, an equal number of the members,
17 as near as is practicable, shall be appointed for 1 year, 2 years,
18 3 years, and 4 years. A member shall hold office until the member's
19 successor is appointed. Thereafter, each member shall serve for a
20 term of 4 years. An appointment to fill a vacancy shall be made by
21 the chief executive officer of the municipality for the unexpired
22 term only. Members of the board shall serve without compensation,
23 but shall be reimbursed for actual and necessary expenses. The
24 chairperson of the board shall be elected by the board. The rules
25 of procedure or the bylaws of the authority may provide that a
26 person be appointed to the board in his or her capacity as a public
27 official, whether appointed or elected. The rules of procedure or

1 bylaws may also provide that the public official's term shall
2 expire upon expiration of his or her service as a public official.
3 In addition, the public official's membership on the board expires
4 on his or her resignation from office as a public official.

5 (2) Before assuming the duties of office, a member shall
6 qualify by taking and subscribing to the constitutional oath of
7 office.

8 (3) The business which the board may perform shall be
9 conducted at a public meeting of the board held in compliance with
10 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public
11 notice of the time, date, and place of the meeting shall be given
12 in the manner required by the open meetings act, 1976 PA 267, MCL
13 15.261 to 15.275. The board shall adopt rules consistent with the
14 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
15 procedure and the holding of regular meetings, subject to the
16 approval of the governing body. Special meetings may be held if
17 called in the manner provided in the rules of the board.

18 (4) Pursuant to notice and after having been given an
19 opportunity to be heard, a member of the board may be removed for
20 cause by the governing body. Removal of a member is subject to
21 review by the circuit court.

22 (5) All expense items of the authority shall be publicized
23 monthly and the financial records shall always be open to the
24 public.

25 (6) In addition to the items and records prescribed in
26 subsection (5), a writing prepared, owned, used, in the possession
27 of, or retained by the board in the performance of an official

1 function shall be made available to the public in compliance with
2 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

3 (7) By resolution of its governing body, a municipality having
4 more than 1 authority may establish a single board to govern all
5 authorities in the municipality. The governing body may designate
6 the board of an existing authority as the board for all authorities
7 or may establish by resolution a new board in the same manner as
8 provided in subsection (1). A member of a board governing more than
9 1 authority may be a resident of or have an interest in property in
10 any of the downtown districts controlled by the board in order to
11 meet the requirements of this section.

12 (8) By ordinance, the governing body of a municipality that
13 has a population of less than 5,000 may have the municipality's
14 planning commission created pursuant to former 1931 PA 285 or the
15 Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to
16 125.3885, serve as the board provided for in subsection (1).

17 (9) If a municipality enters into an agreement with a
18 qualified township under section 203(7), the membership of the
19 board may be modified by the interlocal agreement described in
20 section 203(7).

21 Sec. 205. (1) The board may employ and fix the compensation of
22 a director, subject to the approval of the governing body of the
23 municipality. The director shall serve at the pleasure of the
24 board. A member of the board is not eligible to hold the position
25 of director. Before entering upon the duties of his or her office,
26 the director shall take and subscribe to the constitutional oath,
27 and furnish bond, by posting a bond in the penal sum determined in

1 the ordinance establishing the authority payable to the authority
2 for use and benefit of the authority, approved by the board, and
3 filed with the municipal clerk. The premium on the bond shall be
4 deemed an operating expense of the authority, payable from funds
5 available to the authority for expenses of operation. The director
6 shall be the chief executive officer of the authority. Subject to
7 the approval of the board, the director shall supervise, and be
8 responsible for, the preparation of plans and the performance of
9 the functions of the authority in the manner authorized by this
10 part. The director shall attend the meetings of the board, and
11 shall render to the board and to the governing body of the
12 municipality a regular report covering the activities and financial
13 condition of the authority. If the director is absent or disabled,
14 the board may designate a qualified person as acting director to
15 perform the duties of the office. Before entering upon the duties
16 of his or her office, the acting director shall take and subscribe
17 to the oath, and furnish bond, as required of the director. The
18 director shall furnish the board with information or reports
19 governing the operation of the authority as the board requires.

20 (2) The board may employ and fix the compensation of a
21 treasurer, who shall keep the financial records of the authority
22 and who, together with the director, shall approve all vouchers for
23 the expenditure of funds of the authority. The treasurer shall
24 perform such other duties as may be delegated to him or her by the
25 board and shall furnish bond in an amount as prescribed by the
26 board.

27 (3) The board may employ and fix the compensation of a

1 secretary, who shall maintain custody of the official seal and of
2 records, books, documents, or other papers not required to be
3 maintained by the treasurer. The secretary shall attend meetings of
4 the board and keep a record of its proceedings, and shall perform
5 such other duties delegated by the board.

6 (4) The board may retain legal counsel to advise the board in
7 the proper performance of its duties. The legal counsel shall
8 represent the authority in actions brought by or against the
9 authority.

10 (5) The board may employ other personnel deemed necessary by
11 the board.

12 Sec. 206. The employees of an authority shall be eligible to
13 participate in municipal retirement and insurance programs of the
14 municipality as if they were civil service employees except that
15 the employees of an authority are not civil service employees.

16 Sec. 207. (1) The board may:

17 (a) Prepare an analysis of economic changes taking place in
18 the downtown district.

19 (b) Study and analyze the impact of metropolitan growth upon
20 the downtown district.

21 (c) Plan and propose the construction, renovation, repair,
22 remodeling, rehabilitation, restoration, preservation, or
23 reconstruction of a public facility, an existing building, or a
24 multiple-family dwelling unit which may be necessary or appropriate
25 to the execution of a plan which, in the opinion of the board, aids
26 in the economic growth of the downtown district.

27 (d) Plan, propose, and implement an improvement to a public

1 facility within the development area to comply with the barrier
2 free design requirements of the state construction code promulgated
3 under the Stille-DeRossett-Hale single state construction code act,
4 1972 PA 230, MCL 125.1501 to 125.1531.

5 (e) Develop long-range plans, in cooperation with the agency
6 which is chiefly responsible for planning in the municipality,
7 designed to halt the deterioration of property values in the
8 downtown district and to promote the economic growth of the
9 downtown district, and take such steps as may be necessary to
10 persuade property owners to implement the plans to the fullest
11 extent possible.

12 (f) Implement any plan of development in the downtown district
13 necessary to achieve the purposes of this part, in accordance with
14 the powers of the authority as granted by this part.

15 (g) Make and enter into contracts necessary or incidental to
16 the exercise of its powers and the performance of its duties.

17 (h) Acquire by purchase or otherwise, on terms and conditions
18 and in a manner the authority considers proper or own, convey, or
19 otherwise dispose of, or lease as lessor or lessee, land and other
20 property, real or personal, or rights or interests in property,
21 which the authority determines is reasonably necessary to achieve
22 the purposes of this part, and to grant or acquire licenses,
23 easements, and options with respect to that property.

24 (i) Improve land and construct, reconstruct, rehabilitate,
25 restore and preserve, equip, improve, maintain, repair, and operate
26 any building, including multiple-family dwellings, and any
27 necessary or desirable appurtenances to that property, within the

1 downtown district for the use, in whole or in part, of any public
2 or private person or corporation, or a combination of them.

3 (j) Fix, charge, and collect fees, rents, and charges for the
4 use of any building or property under its control or any part
5 thereof, or facility therein, and pledge the fees, rents, and
6 charges for the payment of revenue bonds issued by the authority.

7 (k) Lease any building or property under its control, or any
8 part of a building or property.

9 (l) Accept grants and donations of property, labor, or other
10 things of value from a public or private source.

11 (m) Acquire and construct public facilities.

12 (n) Create, operate, and fund marketing initiatives that
13 benefit only retail and general marketing of the downtown district.

14 (o) Contract for broadband service and wireless technology
15 service in the downtown district.

16 (p) Operate and perform all duties and exercise all
17 responsibilities described in this section in a qualified township
18 if the qualified township has entered into an agreement with the
19 municipality under section 203(7).

20 (q) Create, operate, and fund a loan program to fund
21 improvements for existing buildings located in a downtown district
22 to make them marketable for sale or lease. The board may make loans
23 with interest at a market rate or may make loans with interest at a
24 below market rate, as determined by the board.

25 (r) Create, operate, and fund retail business incubators in
26 the downtown district.

27 (2) If it is the express determination of the board to create,

1 operate, or fund a retail business incubator in the downtown
2 district, the board shall give preference to tenants who will
3 provide goods or services that are not available or that are
4 underserved in the downtown area. If the board creates, operates,
5 or funds retail business incubators in the downtown district, the
6 board and each tenant who leases space in a retail business
7 incubator shall enter into a written contract that includes, but is
8 not limited to, all of the following:

9 (a) The lease or rental rate that may be below the fair market
10 rate as determined by the board.

11 (b) The requirement that a tenant may lease space in the
12 retail business incubator for a period not to exceed 18 months.

13 (c) The terms of a joint operating plan with 1 or more other
14 businesses located in the downtown district.

15 (d) A copy of the business plan of the tenant that contains
16 measurable goals and objectives.

17 (e) The requirement that the tenant participate in basic
18 management classes, business seminars, or other business education
19 programs offered by the authority, the local chamber of commerce,
20 local community colleges, or institutions of higher education, as
21 determined by the board.

22 Sec. 208. If a board created under this part serves as the
23 planning commission under the Michigan planning enabling act, 2008
24 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
25 commission business in its agenda.

26 Sec. 209. The authority shall be deemed an instrumentality of
27 a political subdivision for purposes of 1972 PA 227, MCL 213.321 to

1 213.332.

2 Sec. 210. A municipality may take private property under 1911
3 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to the
4 authority, and may transfer the property to the authority for use
5 in an approved development, on terms and conditions it deems
6 appropriate, and the taking, transfer, and use shall be considered
7 necessary for public purposes and for the benefit of the public.

8 Sec. 211. (1) The activities of the authority shall be
9 financed from 1 or more of the following sources:

10 (a) Donations to the authority for the performance of its
11 functions.

12 (b) Proceeds of a tax imposed pursuant to section 212.

13 (c) Money borrowed and to be repaid as authorized by sections
14 213 and 213a.

15 (d) Revenues from any property, building, or facility owned,
16 leased, licensed, or operated by the authority or under its
17 control, subject to the limitations imposed upon the authority by
18 trusts or other agreements.

19 (e) Proceeds of a tax increment financing plan, established
20 under sections 214 to 216.

21 (f) Proceeds from a special assessment district created as
22 provided by law.

23 (g) Money obtained from other sources approved by the
24 governing body of the municipality or otherwise authorized by law
25 for use by the authority or the municipality to finance a
26 development program.

27 (h) Money obtained pursuant to section 213b.

1 (i) Revenue transferred pursuant to section 11a of chapter 2
2 of the city income tax act, 1964 PA 284, MCL 141.611a.

3 (j) Revenue transferred pursuant to section 11b of chapter 2
4 of the city income tax act, 1964 PA 284, MCL 141.611b.

5 (2) Money received by the authority and not covered under
6 subsection (1) shall immediately be deposited to the credit of the
7 authority, subject to disbursement pursuant to this part. Except as
8 provided in this part, the municipality shall not obligate itself,
9 nor shall it ever be obligated to pay any sums from public funds,
10 other than money received by the municipality pursuant to this
11 section, for or on account of the activities of the authority.

12 Sec. 212. (1) An authority with the approval of the municipal
13 governing body may levy an ad valorem tax on the real and tangible
14 personal property not exempt by law and as finally equalized in the
15 downtown district. The tax shall not be more than 1 mill if the
16 downtown district is in a municipality having a population of
17 1,000,000 or more, or not more than 2 mills if the downtown
18 district is in a municipality having a population of less than
19 1,000,000. The tax shall be collected by the municipality creating
20 the authority levying the tax. The municipality shall collect the
21 tax at the same time and in the same manner as it collects its
22 other ad valorem taxes. The tax shall be paid to the treasurer of
23 the authority and credited to the general fund of the authority for
24 purposes of the authority.

25 (2) The municipality may at the request of the authority
26 borrow money and issue its notes under the revised municipal
27 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation

1 of collection of the ad valorem tax authorized in this section.

2 Sec. 213. The authority may borrow money and issue its
3 negotiable revenue bonds under the revenue bond act of 1933, 1933
4 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
5 authority shall not except as hereinafter provided be deemed a debt
6 of the municipality or the state. The municipality by majority vote
7 of the members of its governing body may pledge its full faith and
8 credit to support the authority's revenue bonds.

9 Sec. 213a. (1) The authority may with approval of the local
10 governing body borrow money and issue its revenue bonds or notes to
11 finance all or part of the costs of acquiring or constructing
12 property in connection with the implementation of a development
13 plan in the downtown district or to refund or refund in advance
14 bonds or notes issued pursuant to this section. The costs which may
15 be financed by the issuance of revenue bonds or notes may include
16 the cost of purchasing, acquiring, constructing, improving,
17 enlarging, extending, or repairing property in connection with the
18 implementation of a development plan in the downtown district; any
19 engineering, architectural, legal, accounting, or financial
20 expenses; the costs necessary or incidental to the borrowing of
21 money; interest on the bonds or notes during the period of
22 construction; a reserve for payment of principal and interest on
23 the bonds or notes; and a reserve for operation and maintenance
24 until sufficient revenues have developed. The authority may secure
25 the bonds and notes by mortgage, assignment, or pledge of the
26 property and any money, revenues, or income received in connection
27 therewith.

1 (2) A pledge made by the authority shall be valid and binding
2 from the time the pledge is made. The money or property pledged by
3 the authority immediately shall be subject to the lien of the
4 pledge without a physical delivery, filing, or further act. The
5 lien of such a pledge shall be valid and binding as against parties
6 having claims of any kind in tort, contract, or otherwise, against
7 the authority, irrespective of whether the parties have notice of
8 the lien. Neither the resolution, the trust agreement, nor any
9 other instrument by which a pledge is created need be filed or
10 recorded.

11 (3) Bonds or notes issued pursuant to this section shall be
12 exempt from all taxation in this state except inheritance and
13 transfer taxes, and the interest on the bonds or notes shall be
14 exempt from all taxation in this state, notwithstanding that the
15 interest may be subject to federal income tax.

16 (4) The municipality shall not be liable on bonds or notes of
17 the authority issued pursuant to this section and the bonds or
18 notes shall not be a debt of the municipality. The bonds or notes
19 shall contain on their face a statement to that effect.

20 (5) The bonds and notes of the authority may be invested in by
21 all public officers, state agencies and political subdivisions,
22 insurance companies, banks, savings and loan associations,
23 investment companies, and fiduciaries and trustees, and may be
24 deposited with and received by all public officers and the agencies
25 and political subdivisions of this state for any purpose for which
26 the deposit of bonds is authorized.

27 Sec. 213b. (1) If the amount of tax increment revenues lost as

1 a result of the reduction of taxes levied by local school districts
2 for school operating purposes required by the millage limitations
3 under section 1211 of the school code of 1976, 1976 PA 451, MCL
4 380.1211, reduced by the amount of tax increment revenues received
5 from the capture of taxes levied under or attributable to the state
6 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
7 the tax increment revenues received in a fiscal year by an
8 authority under section 215 to be insufficient to repay an eligible
9 advance or to pay an eligible obligation, the legislature shall
10 appropriate and distribute to the authority the amount described in
11 subsection (5).

12 (2) Not less than 30 days before the first day of a fiscal
13 year, an authority eligible to retain tax increment revenues from
14 taxes levied by a local or intermediate school district or this
15 state or to receive a distribution under this section for that
16 fiscal year shall file a claim with the department of treasury. The
17 claim shall include the following information:

18 (a) The property tax millage rates levied in 1993 by local
19 school districts within the jurisdictional area of the authority
20 for school operating purposes.

21 (b) The property tax millage rates expected to be levied by
22 local school districts within the jurisdictional area of the
23 authority for school operating purposes for that fiscal year.

24 (c) The tax increment revenues estimated to be received by the
25 authority for that fiscal year based upon actual property tax
26 levies of all taxing jurisdictions within the jurisdictional area
27 of the authority.

1 (d) The tax increment revenues the authority estimates it
2 would have received for that fiscal year if property taxes were
3 levied by local school districts within the jurisdictional area of
4 the authority for school operating purposes at the millage rates
5 described in subdivision (a) and if no property taxes were levied
6 by this state under the state education tax act, 1993 PA 331, MCL
7 211.901 to 211.906.

8 (e) A list and documentation of eligible obligations and
9 eligible advances and the payments due on each of those eligible
10 obligations or eligible advances in that fiscal year, and the total
11 amount of all the payments due on those eligible obligations and
12 eligible advances in that fiscal year.

13 (f) The amount of money, other than tax increment revenues,
14 estimated to be received in that fiscal year by the authority that
15 is primarily pledged to, and to be used for, the payment of an
16 eligible obligation or the repayment of an eligible advance. That
17 amount shall not include excess tax increment revenues of the
18 authority that are permitted by law to be retained by the authority
19 for purposes that further the development program. However, that
20 amount shall include money to be obtained from sources authorized
21 by law, which law is enacted on or after December 1, 1993, for use
22 by the municipality or authority to finance a development project.

23 (g) The amount of a distribution received pursuant to this
24 part for a fiscal year in excess of or less than the distribution
25 that would have been required if calculated upon actual tax
26 increment revenues received for that fiscal year.

27 (h) A list and documentation of other protected obligations

1 and the payments due on each of those other protected obligations
2 in that fiscal year, and the total amount of all the payments due
3 on those other protected obligations in that fiscal year.

4 (3) For the fiscal year that commences after September 30,
5 1993 and before October 1, 1994, an authority may make a claim with
6 all information required by subsection (2) at any time after March
7 15, 1994.

8 (4) After review and verification of claims submitted pursuant
9 to this section, amounts appropriated by the state in compliance
10 with this part shall be distributed as 2 equal payments on March 1
11 and September 1 after receipt of a claim. An authority shall
12 allocate a distribution it receives for an eligible obligation
13 issued on behalf of a municipality to the municipality.

14 (5) Subject to subsections (6) and (7), the aggregate amount
15 to be appropriated and distributed pursuant to this section to an
16 authority shall be the sum of the amounts determined pursuant to
17 subdivisions (a) and (b) minus the amount determined pursuant to
18 subdivision (c), as follows:

19 (a) The amount by which the tax increment revenues the
20 authority would have received for the fiscal year, excluding taxes
21 exempt under section 7ff of the general property tax act, 1893 PA
22 206, MCL 211.7ff, if property taxes were levied by local school
23 districts for school operating purposes at the millage rates
24 described in subsection (2)(a) and if no property taxes were levied
25 under the state education tax act, 1993 PA 331, MCL 211.901 to
26 211.906, exceed the tax increment revenues the authority actually
27 received for the fiscal year.

1 (b) A shortfall required to be reported pursuant to subsection
2 (2)(g) that had not previously increased a distribution.

3 (c) An excess amount required to be reported pursuant to
4 subsection (2)(g) that had not previously decreased a distribution.

5 (6) The amount distributed under subsection (5) shall not
6 exceed the difference between the amount described in subsection
7 (2)(e) and the sum of the amounts described in subsection (2)(c)
8 and (f).

9 (7) If, based upon the tax increment financing plan in effect
10 on August 19, 1993, the payment due on eligible obligations or
11 eligible advances anticipates the use of excess prior year tax
12 increment revenues permitted by law to be retained by the
13 authority, and if the sum of the amounts described in subsection
14 (2)(c) and (f) plus the amount to be distributed under subsections
15 (5) and (6) is less than the amount described in subsection (2)(e),
16 the amount to be distributed under subsections (5) and (6) shall be
17 increased by the amount of the shortfall. However, the amount
18 authorized to be distributed pursuant to this section shall not
19 exceed that portion of the cumulative difference, for each
20 preceding fiscal year, between the amount that could have been
21 distributed pursuant to subsection (5) and the amount actually
22 distributed pursuant to subsections (5) and (6) and this
23 subsection.

24 (8) A distribution under this section replacing tax increment
25 revenues pledged by an authority or a municipality is subject to
26 the lien of the pledge, whether or not there has been physical
27 delivery of the distribution.

1 (9) Obligations for which distributions are made pursuant to
2 this section are not a debt or liability of this state; do not
3 create or constitute an indebtedness, liability, or obligation of
4 this state; and are not and do not constitute a pledge of the faith
5 and credit of this state.

6 (10) Not later than July 1 of each year, the authority shall
7 certify to the local tax collecting treasurer the amount of the
8 distribution required under subsection (5), calculated without
9 regard to the receipt of tax increment revenues attributable to
10 local or intermediate school district taxes or attributable to
11 taxes levied under the state education tax act, 1993 PA 331, MCL
12 211.901 to 211.906.

13 (11) Calculations of distributions under this section and
14 claims reports required to be made under subsection (2) shall be
15 made on the basis of each development area of the authority.

16 (12) The state tax commission may provide that the
17 reimbursement calculations under this section and the calculation
18 of allowable capture of school taxes shall be made for each
19 calendar year's tax increment revenues using a 12-month debt
20 payment period used by the authority and approved by the state tax
21 commission.

22 Sec. 213c. (1) If the amount of tax increment revenues lost as
23 a result of the personal property tax exemptions provided by
24 section 1211(4) of the revised school code, 1976 PA 451, MCL
25 380.1211, section 3 of the state education tax act, 1993 PA 331,
26 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
27 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will

1 reduce the allowable school tax capture received in a fiscal year,
2 then, notwithstanding any other provision of this part, the
3 authority, with approval of the department of treasury under
4 subsection (3), may request the local tax collecting treasurer to
5 retain and pay to the authority taxes levied under the state
6 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
7 for the following:

8 (a) To repay an eligible advance.

9 (b) To repay an eligible obligation.

10 (c) To repay an other protected obligation.

11 (2) Not later than June 15, 2008, not later than September 30,
12 2009, and not later than June 1 of each subsequent year, except for
13 2011, not later than June 15, an authority eligible under
14 subsection (1) to have taxes levied under the state education tax
15 act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the
16 authority under this section, shall apply for approval with the
17 department of treasury. The application for approval shall include
18 the following information:

19 (a) The property tax millage rates expected to be levied by
20 local school districts within the jurisdictional area of the
21 authority for school operating purposes for that fiscal year.

22 (b) The tax increment revenues estimated to be received by the
23 authority for that fiscal year based upon actual property tax
24 levies of all taxing jurisdictions within the jurisdictional area
25 of the authority.

26 (c) The tax increment revenues the authority estimates it
27 would have received for that fiscal year if the personal property

1 tax exemptions described in subsection (1) were not in effect.

2 (d) A list of eligible obligations, eligible advances, and
3 other protected obligations, the payments due on each of those in
4 that fiscal year, and the total amount of all the payments due on
5 all of those in that fiscal year.

6 (e) The amount of money, other than tax increment revenues,
7 estimated to be received in that fiscal year by the authority that
8 is primarily pledged to, and to be used for, the payment of an
9 eligible obligation, the repayment of an eligible advance, or the
10 payment of an other protected obligation. That amount shall not
11 include excess tax increment revenues of the authority that are
12 permitted by law to be retained by the authority for purposes that
13 further the development program. However, that amount shall include
14 money to be obtained from sources authorized by law, which law is
15 enacted on or after December 1, 1993, for use by the municipality
16 or authority to finance a development plan.

17 (f) The amount of a distribution received pursuant to this
18 part for a fiscal year in excess of or less than the distribution
19 that would have been required if calculated upon actual tax
20 increment revenues received for that fiscal year.

21 (3) Not later than August 15, 2008; for 2009, not later than
22 February 3, 2010; for 2011 only, not later than 30 days after the
23 effective date of the amendatory act that amended this sentence;
24 and not later than August 15 for 2010, 2012, and each subsequent
25 year, based on the calculations under subsection (5), the
26 department of treasury shall approve, modify, or deny the
27 application for approval to have taxes levied under the state

1 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
2 and paid to the authority under this section. If the application
3 for approval contains the information required under subsection
4 (2)(a) through (f) and appears to be in substantial compliance with
5 the provisions of this section, then the department of treasury
6 shall approve the application. If the application is denied by the
7 department of treasury, then the department of treasury shall
8 provide the opportunity for a representative of the authority to
9 discuss the denial within 21 days after the denial occurs and shall
10 sustain or modify its decision within 30 days after receiving
11 information from the authority. If the application for approval is
12 approved or modified by the department of treasury, the local tax
13 collecting treasurer shall retain and pay to the authority the
14 amount described in subsection (5) as approved by the department.
15 If the department of treasury denies the authority's application
16 for approval, the local tax collecting treasurer shall not retain
17 or pay to the authority the taxes levied under the state education
18 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
19 department does not prohibit a subsequent audit of taxes retained
20 in accordance with the procedures currently authorized by law.

21 (4) Each year the legislature shall appropriate and distribute
22 an amount sufficient to pay each authority the following:

23 (a) If the amount to be retained and paid under subsection (3)
24 is less than the amount calculated under subsection (5), the
25 difference between those amounts.

26 (b) If the application for approval is denied by the
27 department of treasury, an amount verified by the department equal

1 to the amount calculated under subsection (5).

2 (5) Subject to subsection (6), the aggregate amount under this
3 section shall be the sum of the amounts determined under
4 subdivisions (a) and (b) minus the amount determined under
5 subdivision (c), as follows:

6 (a) The amount by which the tax increment revenues the
7 authority would have received and retained for the fiscal year,
8 excluding taxes exempt under section 7ff of the general property
9 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
10 exemptions described in subsection (1) were not in effect, exceed
11 the tax increment revenues the authority actually received for the
12 fiscal year.

13 (b) A shortfall required to be reported under subsection
14 (2)(f) that had not previously increased a distribution.

15 (c) An excess amount required to be reported under subsection
16 (2)(f) that had not previously decreased a distribution.

17 (6) A distribution or taxes retained under this section
18 replacing tax increment revenues pledged by an authority or a
19 municipality are subject to any lien of the pledge described in
20 subsection (1), whether or not there has been physical delivery of
21 the distribution.

22 (7) Obligations for which distributions are made under this
23 section are not a debt or liability of this state; do not create or
24 constitute an indebtedness, liability, or obligation of this state;
25 and are not and do not constitute a pledge of the faith and credit
26 of this state.

27 (8) Not later than September 15 of each year, the authority

1 shall provide a copy of the application for approval approved by
2 the department of treasury to the local tax collecting treasurer
3 and provide the amount of the taxes retained and paid to the
4 authority under subsection (5).

5 (9) Calculations of amounts retained and paid and
6 appropriations to be distributed under this section shall be made
7 on the basis of each development area of the authority.

8 (10) The state tax commission may provide that the
9 reimbursement calculations under this section and the calculation
10 of allowable capture of school taxes shall be made for each
11 calendar year's tax increment revenues using a 12-month debt
12 payment period used by the authority and approved by the state tax
13 commission.

14 (11) It is the intent of the legislature that, to the extent
15 that the total amount of taxes levied under the state education tax
16 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
17 retained under this section and section 411b, section 15a of the
18 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
19 and section 312b, exceeds the difference of the total school aid
20 fund revenue for the tax year minus the estimated amount of revenue
21 the school aid fund would have received for the tax year had the
22 tax exemptions described in subsection (1) and the earmark created
23 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
24 208.1515, not taken effect, the general fund shall reimburse the
25 school aid fund the difference.

26 Sec. 214. (1) When the authority determines that it is
27 necessary for the achievement of the purposes of this part, the

1 authority shall prepare and submit a tax increment financing plan
2 to the governing body of the municipality. The plan shall include a
3 development plan as provided in section 217, a detailed explanation
4 of the tax increment procedure, the maximum amount of bonded
5 indebtedness to be incurred, and the duration of the program, and
6 shall be in compliance with section 215. The plan shall contain a
7 statement of the estimated impact of tax increment financing on the
8 assessed values of all taxing jurisdictions in which the
9 development area is located. The plan may provide for the use of
10 part or all of the captured assessed value, but the portion
11 intended to be used by the authority shall be clearly stated in the
12 tax increment financing plan. The authority or municipality may
13 exclude from captured assessed value growth in property value
14 resulting solely from inflation. The plan shall set forth the
15 method for excluding growth in property value resulting solely from
16 inflation.

17 (2) The percentage of taxes levied for school operating
18 purposes that is captured and used by the tax increment financing
19 plan shall not be greater than the plan's percentage capture and
20 use of taxes levied by a municipality or county for operating
21 purposes. For purposes of the previous sentence, taxes levied by a
22 county for operating purposes include only millage allocated for
23 county or charter county purposes under the property tax limitation
24 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
25 subsection, tax increment revenues used to pay bonds issued by a
26 municipality under section 216(1) shall be considered to be used by
27 the tax increment financing plan rather than shared with the

1 municipality. The limitation of this subsection does not apply to
2 the portion of the captured assessed value shared pursuant to an
3 agreement entered into before 1989 with a county or with a city in
4 which an enterprise zone is approved under section 13 of the
5 enterprise zone act, 1985 PA 224, MCL 125.2113.

6 (3) Approval of the tax increment financing plan shall be
7 pursuant to the notice, hearing, and disclosure provisions of
8 section 218. If the development plan is part of the tax increment
9 financing plan, only 1 hearing and approval procedure is required
10 for the 2 plans together.

11 (4) Before the public hearing on the tax increment financing
12 plan, the governing body shall provide a reasonable opportunity to
13 the taxing jurisdictions levying taxes subject to capture to meet
14 with the governing body. The authority shall fully inform the
15 taxing jurisdictions of the fiscal and economic implications of the
16 proposed development area. The taxing jurisdictions may present
17 their recommendations at the public hearing on the tax increment
18 financing plan. The authority may enter into agreements with the
19 taxing jurisdictions and the governing body of the municipality in
20 which the development area is located to share a portion of the
21 captured assessed value of the district.

22 (5) A tax increment financing plan may be modified if the
23 modification is approved by the governing body upon notice and
24 after public hearings and agreements as are required for approval
25 of the original plan.

26 (6) Under a tax increment financing plan that includes a
27 catalyst development project, an authority may pledge available tax

1 increment revenues of the authority as security for any bonds
2 issued to develop and construct a catalyst development project.

3 Sec. 215. (1) The municipal and county treasurers shall
4 transmit to the authority tax increment revenues.

5 (2) The authority shall expend the tax increment revenues
6 received for the development program only pursuant to the tax
7 increment financing plan. Surplus funds shall revert
8 proportionately to the respective taxing bodies. These revenues
9 shall not be used to circumvent existing property tax limitations.
10 The governing body of the municipality may abolish the tax
11 increment financing plan when it finds that the purposes for which
12 it was established are accomplished. However, the tax increment
13 financing plan shall not be abolished, allowed to expire, or
14 otherwise terminate until the principal of, and interest on, bonds
15 issued pursuant to section 216 have been paid or funds sufficient
16 to make the payment have been segregated.

17 Sec. 216. (1) The municipality may by resolution of its
18 governing body authorize, issue, and sell general obligation bonds
19 subject to the limitations set forth in this subsection to finance
20 the development program of the tax increment financing plan and
21 shall pledge its full faith and credit for the payment of the
22 bonds. The municipality may pledge as additional security for the
23 bonds any money received by the authority or the municipality
24 pursuant to section 211. The bonds are subject to the revised
25 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before
26 the municipality may authorize the borrowing, the authority shall
27 submit an estimate of the anticipated tax increment revenues and

1 other revenue available under section 211 to be available for
2 payment of principal and interest on the bonds, to the governing
3 body of the municipality. This estimate shall be approved by the
4 governing body of the municipality by resolution adopted by
5 majority vote of the members of the governing body in the
6 resolution authorizing the bonds. If the governing body of the
7 municipality adopts the resolution authorizing the bonds, the
8 estimate of the anticipated tax increment revenues and other
9 revenue available under section 211 to be available for payment of
10 principal and interest on the bonds shall be conclusive for
11 purposes of this section. The bonds issued under this subsection
12 shall be considered a single series for the purposes of the revised
13 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

14 (2) By resolution of its governing body, the authority may
15 authorize, issue, and sell tax increment bonds subject to the
16 limitations set forth in this subsection to finance the development
17 program of the tax increment financing plan. The tax increment
18 bonds issued by the authority under this subsection shall pledge
19 solely the tax increment revenues of a development area in which
20 the project is located or a development area from which tax
21 increment revenues may be used for this project, or both. In
22 addition or in the alternative, the bonds issued by the authority
23 pursuant to this subsection may be secured by any other revenues
24 identified in section 211 as sources of financing for activities of
25 the authority that the authority shall specifically pledge in the
26 resolution. However, the full faith and credit of the municipality
27 shall not be pledged to secure bonds issued pursuant to this

1 subsection. The bond issue may include a sum sufficient to pay
2 interest on the tax increment bonds until full development of tax
3 increment revenues from the project and also a sum to provide a
4 reasonable reserve for payment of principal and interest on the
5 bonds. The resolution authorizing the bonds shall create a lien on
6 the tax increment revenues and other revenues pledged by the
7 resolution that shall be a statutory lien and shall be a first lien
8 subject only to liens previously created. The resolution may
9 provide the terms upon which additional bonds may be issued of
10 equal standing and parity of lien as to the tax increment revenues
11 and other revenues pledged under the resolution. Bonds issued under
12 this subsection that pledge revenue received under section 211 for
13 repayment of the bonds are subject to the revised municipal finance
14 act, 2001 PA 34, MCL 141.2101 to 141.2821.

15 (3) Notwithstanding any other provision of this part, if the
16 state treasurer determines that an authority or municipality can
17 issue a qualified refunding obligation and the authority or
18 municipality does not make a good faith effort to issue the
19 qualified refunding obligation as determined by the state
20 treasurer, the state treasurer may reduce the amount claimed by the
21 authority or municipality under section 213b by an amount equal to
22 the net present value saving that would have been realized had the
23 authority or municipality refunded the obligation or the state
24 treasurer may require a reduction in the capture of tax increment
25 revenues from taxes levied by a local or intermediate school
26 district or this state by an amount equal to the net present value
27 savings that would have been realized had the authority or

1 municipality refunded the obligation. This subsection does not
2 authorize the state treasurer to require the authority or
3 municipality to pledge security greater than the security pledged
4 for the obligation being refunded.

5 Sec. 217. (1) When a board decides to finance a project in the
6 downtown district by the use of revenue bonds as authorized in
7 section 213 or tax increment financing as authorized in sections
8 214, 215, and 216, it shall prepare a development plan.

9 (2) The development plan shall contain all of the following:

10 (a) The designation of boundaries of the development area in
11 relation to highways, streets, streams, or otherwise.

12 (b) The location and extent of existing streets and other
13 public facilities within the development area, shall designate the
14 location, character, and extent of the categories of public and
15 private land uses then existing and proposed for the development
16 area, including residential, recreational, commercial, industrial,
17 educational, and other uses, and shall include a legal description
18 of the development area.

19 (c) A description of existing improvements in the development
20 area to be demolished, repaired, or altered, a description of any
21 repairs and alterations, and an estimate of the time required for
22 completion.

23 (d) The location, extent, character, and estimated cost of the
24 improvements including rehabilitation contemplated for the
25 development area and an estimate of the time required for
26 completion.

27 (e) A statement of the construction or stages of construction

1 planned, and the estimated time of completion of each stage.

2 (f) A description of any parts of the development area to be
3 left as open space and the use contemplated for the space.

4 (g) A description of any portions of the development area that
5 the authority desires to sell, donate, exchange, or lease to or
6 from the municipality and the proposed terms.

7 (h) A description of desired zoning changes and changes in
8 streets, street levels, intersections, or utilities.

9 (i) An estimate of the cost of the development, a statement of
10 the proposed method of financing the development, and the ability
11 of the authority to arrange the financing.

12 (j) Designation of the person or persons, natural or
13 corporate, to whom all or a portion of the development is to be
14 leased, sold, or conveyed in any manner and for whose benefit the
15 project is being undertaken if that information is available to the
16 authority.

17 (k) The procedures for bidding for the leasing, purchasing, or
18 conveying in any manner of all or a portion of the development upon
19 its completion, if there is no express or implied agreement between
20 the authority and persons, natural or corporate, that all or a
21 portion of the development will be leased, sold, or conveyed in any
22 manner to those persons.

23 (l) Estimates of the number of persons residing in the
24 development area and the number of families and individuals to be
25 displaced. If occupied residences are designated for acquisition
26 and clearance by the authority, a development plan shall include a
27 survey of the families and individuals to be displaced, including

1 their income and racial composition, a statistical description of
2 the housing supply in the community, including the number of
3 private and public units in existence or under construction, the
4 condition of those units in existence, the number of owner-occupied
5 and renter-occupied units, the annual rate of turnover of the
6 various types of housing and the range of rents and sale prices, an
7 estimate of the total demand for housing in the community, and the
8 estimated capacity of private and public housing available to
9 displaced families and individuals.

10 (m) A plan for establishing priority for the relocation of
11 persons displaced by the development in any new housing in the
12 development area.

13 (n) Provision for the costs of relocating persons displaced by
14 the development and financial assistance and reimbursement of
15 expenses, including litigation expenses and expenses incident to
16 the transfer of title, in accordance with the standards and
17 provisions of the federal uniform relocation assistance and real
18 property acquisition policies act of 1970, Public Law 91-646, 42
19 USC 4601.

20 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
21 213.332.

22 (p) Other material that the authority, local public agency, or
23 governing body considers pertinent.

24 Sec. 218. (1) The governing body, before adoption of an
25 ordinance approving or amending a development plan or approving or
26 amending a tax increment financing plan, shall hold a public
27 hearing on the development plan. Notice of the time and place of

1 the hearing shall be given by publication twice in a newspaper of
2 general circulation designated by the municipality, the first of
3 which shall be not less than 20 days before the date set for the
4 hearing. Notice of the hearing shall be posted in at least 20
5 conspicuous and public places in the downtown district not less
6 than 20 days before the hearing. Notice shall also be mailed to all
7 property taxpayers of record in the downtown district not less than
8 20 days before the hearing. Beginning June 1, 2005, the notice of
9 hearing within the time frame described in this subsection shall be
10 mailed by certified mail to the governing body of each taxing
11 jurisdiction levying taxes that would be subject to capture if the
12 development plan or the tax increment financing plan is approved or
13 amended.

14 (2) Notice of the time and place of hearing on a development
15 plan shall contain: a description of the proposed development area
16 in relation to highways, streets, streams, or otherwise; a
17 statement that maps, plats, and a description of the development
18 plan, including the method of relocating families and individuals
19 who may be displaced from the area, are available for public
20 inspection at a place designated in the notice, and that all
21 aspects of the development plan will be open for discussion at the
22 public hearing; and other information that the governing body
23 considers appropriate. At the time set for hearing, the governing
24 body shall provide an opportunity for interested persons to be
25 heard and shall receive and consider communications in writing with
26 reference to the development plan. The hearing shall provide the
27 fullest opportunity for expression of opinion, for argument on the

1 merits, and for introduction of documentary evidence pertinent to
2 the development plan. The governing body shall make and preserve a
3 record of the public hearing, including all data presented thereat.

4 Sec. 219. (1) The governing body after a public hearing on the
5 development plan or the tax increment financing plan, or both, with
6 notice of the hearing given in accordance with section 218, shall
7 determine whether the development plan or tax increment financing
8 plan constitutes a public purpose. If it determines that the
9 development plan or tax increment financing plan constitutes a
10 public purpose, it shall then approve or reject the plan, or
11 approve it with modification, by ordinance based on the following
12 considerations:

13 (a) The findings and recommendations of a development area
14 citizens council, if a development area citizens council was
15 formed.

16 (b) The plan meets the requirements set forth in section
17 217(2).

18 (c) The proposed method of financing the development is
19 feasible and the authority has the ability to arrange the
20 financing.

21 (d) The development is reasonable and necessary to carry out
22 the purposes of this part.

23 (e) The land included within the development area to be
24 acquired is reasonably necessary to carry out the purposes of the
25 plan and of this part in an efficient and economically satisfactory
26 manner.

27 (f) The development plan is in reasonable accord with the

1 master plan of the municipality.

2 (g) Public services, such as fire and police protection and
3 utilities, are or will be adequate to service the project area.

4 (h) Changes in zoning, streets, street levels, intersections,
5 and utilities are reasonably necessary for the project and for the
6 municipality.

7 (2) Amendments to an approved development plan or tax
8 increment plan must be submitted by the authority to the governing
9 body for approval or rejection.

10 (3) Proposed amendments made to an approved development plan
11 to incorporate a catalyst development project plan shall be
12 submitted by the authority to the Michigan strategic fund for
13 approval or rejection of that part of the plan relating to the
14 catalyst development project. Amendments not approved or rejected
15 under this subsection by the Michigan strategic fund within 45 days
16 of submission for approval shall be considered approved.

17 Sec. 220. A person to be relocated under this part shall be
18 given not less than 90 days' written notice to vacate unless
19 modified by court order for good cause.

20 Sec. 221. (1) If a proposed development area has residing
21 within it 100 or more residents, a development area citizens
22 council shall be established at least 90 days before the public
23 hearing on the development or tax increment financing plan. The
24 development area citizens council shall be established by the
25 governing body and shall consist of not less than 9 members. The
26 members of the development area citizens council shall be residents
27 of the development area and shall be appointed by the governing

1 body. A member of a development area citizens council shall be at
2 least 18 years of age.

3 (2) A development area citizens council shall be
4 representative of the development area.

5 Sec. 222. A development area citizens council established
6 pursuant to this part shall act an advisory body to the authority
7 and the governing body in the adoption of the development or tax
8 increment financing plans.

9 Sec. 223. Periodically a representative of the authority
10 responsible for preparation of a development or tax increment
11 financing plan within the development area shall consult with and
12 advise the development area citizens council regarding the aspects
13 of a development plan, including the development of new housing for
14 relocation purposes located either inside or outside of the
15 development area. The consultation shall begin before any final
16 decisions by the authority and the governing body regarding a
17 development or tax increment financing plan. The consultation shall
18 continue throughout the preparation and implementation of the
19 development or tax increment financing plan.

20 Sec. 224. (1) Meetings of the development area citizens
21 council shall be open to the public. Notice of the time and place
22 of the meetings shall be given by publication in a newspaper of
23 general circulation not less than 5 days before the dates set for
24 meetings of the development area citizens council. A person present
25 at those meetings shall have reasonable opportunity to be heard.

26 (2) A record of the meetings of a development area citizens
27 council, including information and data presented, shall be

1 maintained by the council.

2 (3) A development area citizens council may request of and
3 receive from the authority information and technical assistance
4 relevant to the preparation of the development plan for the
5 development area.

6 (4) Failure of a development area citizens council to organize
7 or to consult with and be advised by the authority, or failure to
8 advise the governing body, as provided in this part, shall not
9 preclude the adoption of a development plan by a municipality if
10 the municipality complies with the other provisions of this part.

11 Sec. 225. In a development area where a citizens district
12 council established according to 1945 PA 344, MCL 125.71 to 125.84,
13 already exists the governing body may designate it as the
14 development area citizens council authorized by this part.

15 Sec. 226. Within 20 days after the public hearing on a
16 development or tax increment financing plan, the development area
17 citizens council shall notify the governing body, in writing, of
18 its findings and recommendations concerning a proposed development
19 plan.

20 Sec. 227. A development area citizens council may not be
21 required and, if formed, may be dissolved in any of the following
22 situations:

23 (a) On petition of not less than 20% of the adult resident
24 population of the development area by the last federal decennial or
25 municipal census, a governing body, after public hearing with
26 notice thereof given in accordance with section 218 and by a 2/3
27 vote, may adopt an ordinance for the development area to eliminate

1 the necessity of a development area citizens council.

2 (b) When there are less than 18 residents, real property
3 owners, or representatives of establishments located in the
4 development area eligible to serve on the development area citizens
5 council.

6 (c) Upon termination of the authority by ordinance of the
7 governing body.

8 Sec. 228. (1) The director of the authority shall prepare and
9 submit for the approval of the board a budget for the operation of
10 the authority for the ensuing fiscal year. The budget shall be
11 prepared in the manner and contain the information required of
12 municipal departments. Before the budget may be adopted by the
13 board, it shall be approved by the governing body of the
14 municipality. Funds of the municipality shall not be included in
15 the budget of the authority except those funds authorized in this
16 part or by the governing body of the municipality.

17 (2) The governing body of the municipality may assess a
18 reasonable pro rata share of the funds for the cost of handling and
19 auditing the funds against the funds of the authority, other than
20 those committed, which cost shall be paid annually by the board
21 pursuant to an appropriate item in its budget.

22 Sec. 228a. Beginning January 1, 2010, the authority shall be
23 exempt from all taxation on its earnings or property. Instruments
24 of conveyance from an authority are exempt from transfer taxes
25 under 1966 PA 134, MCL 207.501 to 207.513, and the state real
26 estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

27 Sec. 229. (1) A public facility, building, or structure that

1 is determined by the municipality to have significant historical
2 interests shall be preserved in a manner as considered necessary by
3 the municipality in accordance with laws relative to the
4 preservation of historical sites. The preservation of facilities,
5 buildings, or structures determined to be historic sites by a
6 municipality shall include, at a minimum, equipping the historic
7 site with a fire alarm system.

8 (2) An authority shall refer all proposed changes to the
9 exterior of sites listed on the state register of historic sites
10 and the national register of historic places to the applicable
11 historic district commission created under the local historic
12 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
13 state housing development authority for review.

14 Sec. 230. (1) An authority that has completed the purposes for
15 which it was organized shall be dissolved by ordinance of the
16 governing body. The property and assets of the authority remaining
17 after the satisfaction of the obligations of the authority belong
18 to the municipality.

19 (2) An authority established under this part before December
20 31, 1988, that is dissolved by ordinance of the governing body
21 before September 30, 1990 and that is reinstated by ordinance of
22 the governing body after notice and public hearing as provided in
23 section 203(2) shall not be invalidated pursuant to a claim that,
24 based upon the standards set forth in section 203(1), a governing
25 body improperly determined that the necessary conditions existed
26 for the reinstatement of an authority under this part if at the
27 time the governing body established the authority the governing

1 body determined or could have determined that the necessary
2 conditions existed for the establishment of an authority under this
3 part or could have determined that establishment of an authority
4 under this part would serve to promote economic growth and
5 notwithstanding that the boundaries of the downtown district are
6 altered at the time of reinstatement of the authority.

7 (3) In the resolution of intent, the municipality shall set a
8 date for the holding of a public hearing on the adoption of a
9 proposed ordinance reinstating the authority. The procedure for
10 publishing the notice of hearing, holding the hearing, and adopting
11 the ordinance reinstating the authority shall be as provided in
12 section 203(2), (4), and (5).

13 (4) The validity of the proceedings, findings, and
14 determinations reinstating an authority shall be conclusive unless
15 contested in a court of competent jurisdiction within 60 days after
16 the last of the following occurs:

17 (a) Publication of the ordinance reinstating the authority as
18 adopted.

19 (b) Filing of the ordinance reinstating the authority with the
20 secretary of state.

21 (c) May 27, 1993.

22 PART 3

23 Sec. 301. As used in this part:

24 (a) "Advance" means a transfer of funds made by a municipality
25 to an authority or to another person on behalf of the authority.
26 Evidence of the intent to repay an advance is required and may
27 include, but is not limited to, an executed agreement to repay,

1 provisions contained in a tax increment financing plan approved
2 before the advance or before August 14, 1993, or a resolution of
3 the authority or the municipality.

4 (b) "Assessed value" means 1 of the following:

5 (i) For valuations made before January 1, 1995, the state
6 equalized valuation as determined under the general property tax
7 act, 1893 PA 206, MCL 211.1 to 211.155.

8 (ii) For valuations made after December 31, 1994, taxable
9 value as determined under section 27a of the general property tax
10 act, 1893 PA 206, MCL 211.27a.

11 (c) "Authority" means a tax increment finance authority
12 created under this part.

13 (d) "Authority district" means that area within which an
14 authority exercises its powers and within which 1 or more
15 development areas may exist.

16 (e) "Board" means the governing body of an authority.

17 (f) "Captured assessed value" means the amount in any 1 year
18 by which the current assessed value of the development area,
19 including the assessed value of property for which specific local
20 taxes are paid in lieu of property taxes as determined in
21 subdivision (w), exceeds the initial assessed value. The state tax
22 commission shall prescribe the method for calculating captured
23 assessed value.

24 (g) "Chief executive officer" means the mayor or city manager
25 of a city, the president of a village, or the supervisor of a
26 township.

27 (h) "Development area" means that area to which a development

1 plan is applicable.

2 (i) "Development area citizens council" or "council" means
3 that advisory body established pursuant to section 20.

4 (j) "Development plan" means that information and those
5 requirements for a development set forth in section 16.

6 (k) "Development program" means the implementation of the
7 development plan.

8 (l) "Eligible advance" means an advance made before August 19,
9 1993.

10 (m) "Eligible obligation" means an obligation issued or
11 incurred by an authority or by a municipality on behalf of an
12 authority before August 19, 1993 and its subsequent refunding by a
13 qualified refunding obligation. Eligible obligation includes an
14 authority's written agreement entered into before August 19, 1993
15 to pay an obligation issued after August 18, 1993 and before
16 December 31, 1996 by another entity on behalf of the authority.
17 Eligible obligation also includes an ongoing management contract or
18 contract for professional services or development services that was
19 entered into by the authority or a municipality on behalf of the
20 authority in 1991, and related similar written agreements executed
21 before 1984, if the 1991 agreement both provides for automatic
22 annual renewal and incorporates by reference the prior related
23 agreements; however, receipt by an authority of tax increment
24 revenues authorized under subdivision (aa)(ii) in order to pay
25 costs arising under those contracts shall be limited to:

26 (i) For taxes levied before July 1, 2005, the amount permitted
27 to be received by an authority for an eligible obligation as

1 provided in this part.

2 (ii) For taxes levied after June 30, 2005 and before July 1,
3 2006, \$3,000,000.00.

4 (iii) For taxes levied after June 30, 2006 and before July 1,
5 2007, \$3,000,000.00.

6 (iv) For taxes levied after June 30, 2007 and before July 1,
7 2008, \$3,000,000.00.

8 (v) For taxes levied after June 30, 2008 and before July 1,
9 2009, \$3,000,000.00.

10 (vi) For taxes levied after June 30, 2009 and before July 1,
11 2010, \$3,000,000.00.

12 (vii) For taxes levied after June 30, 2010 and before July 1,
13 2011, \$2,650,000.00.

14 (viii) For taxes levied after June 30, 2011 and before July 1,
15 2012, \$2,400,000.00.

16 (ix) For taxes levied after June 30, 2012 and before July 1,
17 2013, \$2,125,000.00.

18 (x) For taxes levied after June 30, 2013 and before July 1,
19 2014, \$1,500,000.00.

20 (xi) For taxes levied after June 30, 2014 and before July 1,
21 2015, \$1,150,000.00.

22 (xii) For taxes levied after June 30, 2015, \$0.00.

23 (n) "Fiscal year" means the fiscal year of the authority.

24 (o) "Governing body" means the elected body of a municipality
25 having legislative powers.

26 (p) "Initial assessed value" means the assessed value, as
27 equalized, of all the taxable property within the boundaries of the

1 development area at the time the resolution establishing the tax
2 increment financing plan is approved as shown by the most recent
3 assessment roll of the municipality for which equalization has been
4 completed at the time the resolution is adopted. Property exempt
5 from taxation at the time of the determination of the initial
6 assessed value shall be included as zero. For the purpose of
7 determining initial assessed value, property for which a specific
8 local tax is paid in lieu of a property tax shall not be considered
9 property that is exempt from taxation. The initial assessed value
10 of property for which a specific tax was paid in lieu of a property
11 tax shall be determined as provided in subdivision (w).

12 (q) "Municipality" means a city.

13 (r) "Obligation" means a written promise to pay, whether
14 evidenced by a contract, agreement, lease, sublease, bond, or note,
15 or a requirement to pay imposed by law. An obligation does not
16 include a payment required solely because of default upon an
17 obligation, employee salaries, or consideration paid for the use of
18 municipal offices. An obligation does not include those bonds that
19 have been economically defeased by refunding bonds issued under
20 this part. Obligation includes, but is not limited to, the
21 following:

22 (i) A requirement to pay proceeds derived from ad valorem
23 property taxes or taxes levied in lieu of ad valorem property
24 taxes.

25 (ii) A management contract or a contract for professional
26 services.

27 (iii) A payment required on a contract, agreement, bond, or

1 note if the requirement to make or assume the payment arose before
2 August 19, 1993.

3 (iv) A requirement to pay or reimburse a person for the cost
4 of insurance for, or to maintain, property subject to a lease, land
5 contract, purchase agreement, or other agreement.

6 (v) A letter of credit, paying agent, transfer agent, bond
7 registrar, or trustee fee associated with a contract, agreement,
8 bond, or note.

9 (s) "On behalf of an authority", in relation to an eligible
10 advance made by a municipality, or an eligible obligation or other
11 protected obligation issued or incurred by a municipality, means in
12 anticipation that an authority would transfer tax increment
13 revenues or reimburse the municipality from tax increment revenues
14 in an amount sufficient to fully make payment required by the
15 eligible advance made by a municipality, or the eligible obligation
16 or other protected obligation issued or incurred by the
17 municipality, if the anticipation of the transfer or receipt of tax
18 increment revenues from the authority is pursuant to or evidenced
19 by 1 or more of the following:

20 (i) A reimbursement agreement between the municipality and an
21 authority it established.

22 (ii) A requirement imposed by law that the authority transfer
23 tax increment revenues to the municipality.

24 (iii) A resolution of the authority agreeing to make payments
25 to the incorporating unit.

26 (iv) Provisions in a tax increment financing plan describing
27 the project for which the obligation was incurred.

1 (t) "Other protected obligation" means:

2 (i) A qualified refunding obligation issued to refund an
3 obligation described in subparagraph (ii) or (iii), an obligation
4 that is not a qualified refunding obligation that is issued to
5 refund an eligible obligation, or a qualified refunding obligation
6 issued to refund an obligation described in this subparagraph.

7 (ii) An obligation issued or incurred by an authority or by a
8 municipality on behalf of an authority after August 19, 1993, but
9 before December 31, 1994, to finance a project described in a tax
10 increment finance plan approved by the municipality in accordance
11 with this part before December 31, 1993, for which a contract for
12 final design is entered into by the municipality or authority
13 before March 1, 1994.

14 (iii) An obligation incurred by an authority or municipality
15 after August 19, 1993, to reimburse a party to a development
16 agreement entered into by a municipality or authority before August
17 19, 1993, for a project described in a tax increment financing plan
18 approved in accordance with this part before August 19, 1993, and
19 undertaken and installed by that party in accordance with the
20 development agreement.

21 (iv) An obligation issued or incurred by an authority or by a
22 municipality on behalf of an authority to implement a project
23 described in a tax increment finance plan approved by the
24 municipality in accordance with this part before August 19, 1993,
25 that is located on land owned by a public university on the date
26 the tax increment financing plan is approved, and for which a
27 contract for final design is entered into before December 31, 1993.

1 (v) An ongoing management or professional services contract
2 with the governing body of a county which was entered into before
3 March 1, 1994 and which was preceded by a series of limited term
4 management or professional services contracts with the governing
5 body of the county, the last of which was entered into before
6 August 19, 1993.

7 (vi) An obligation issued or incurred by a municipality under
8 a contract executed on December 19, 1994 as subsequently amended
9 between the municipality and the authority to implement a project
10 described in a tax increment finance plan approved by the
11 municipality under this part before August 19, 1993 for which a
12 contract for final design was entered into by the municipality
13 before March 1, 1994 provided that final payment by the
14 municipality is made on or before December 31, 2001.

15 (vii) An obligation issued or incurred by an authority or by a
16 municipality on behalf of an authority that meets all of the
17 following qualifications:

18 (A) The obligation is issued or incurred to finance a project
19 described in a tax increment financing plan approved before August
20 19, 1993 by a municipality in accordance with this part.

21 (B) The obligation qualifies as an other protected obligation
22 under subparagraph (ii) and was issued or incurred by the authority
23 before December 31, 1994 for the purpose of financing the project.

24 (C) A portion of the obligation issued or incurred by the
25 authority before December 31, 1994 for the purpose of financing the
26 project was retired prior to December 31, 1996.

27 (D) The obligation does not exceed the dollar amount of the

1 portion of the obligation retired prior to December 31, 1996.

2 (viii) An obligation incurred by an authority that meets both
3 of the following qualifications:

4 (A) The obligation is a contract of lease originally executed
5 on December 20, 1994 between the municipality and the authority to
6 partially implement the authority's development plan and tax
7 increment financing plan.

8 (B) The obligation qualifies as an obligation under
9 subparagraph (ii). The obligation described in this subparagraph
10 may be amended to extend cash rental payments for a period not to
11 exceed 30 years through the year 2039. The duration of the
12 development plan and tax increment financing plan described in this
13 subparagraph is extended to 1 year after the final date that the
14 extended cash rental payments are due.

15 (u) "Public facility" means 1 or more of the following:

16 (i) A street, plaza, or pedestrian mall, and any improvements
17 to a street, plaza, boulevard, alley, or pedestrian mall, including
18 street furniture and beautification, park, parking facility,
19 recreation facility, playground, school, library, public
20 institution or administration building, right of way, structure,
21 waterway, bridge, lake, pond, canal, utility line or pipeline,
22 transit-oriented development, transit-oriented facility, and other
23 similar facilities and necessary easements of these facilities
24 designed and dedicated to use by the public generally or used by a
25 public agency. As used in this subparagraph, public institution or
26 administration building includes, but is not limited to, a police
27 station, fire station, court building, or other public safety

1 facility.

2 (ii) The acquisition and disposal of real and personal
3 property or interests in real and personal property, demolition of
4 structures, site preparation, relocation costs, building
5 rehabilitation, and all associated administrative costs, including,
6 but not limited to, architect's, engineer's, legal, and accounting
7 fees as contained in the resolution establishing the district's
8 development plan.

9 (iii) An improvement to a facility used by the public or a
10 public facility as those terms are defined in section 1 of 1966 PA
11 1, MCL 125.1351, which improvement is made to comply with the
12 barrier free design requirements of the state construction code
13 promulgated under the Stille-DeRossett-Hale single state
14 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

15 (v) "Qualified refunding obligation" means an obligation
16 issued or incurred by an authority or by a municipality on behalf
17 of an authority to refund an obligation if 1 of the following
18 applies:

19 (i) The refunding obligation meets both of the following:

20 (A) The net present value of the principal and interest to be
21 paid on the refunding obligation, including the cost of issuance,
22 will be less than the net present value of the principal and
23 interest to be paid on the obligation being refunded, as calculated
24 using a method approved by the department of treasury.

25 (B) The net present value of the sum of the tax increment
26 revenues described in subdivision (aa) (ii) and the distributions
27 under section 12a to repay the refunding obligation will not be

1 greater than the net present value of the sum of the tax increment
2 revenues described in subdivision (aa) (ii) and the distributions
3 under section 312a to repay the obligation being refunded, as
4 calculated using a method approved by the department of treasury.

5 (ii) The refunding obligation is a tax increment refunding
6 bond issued to refund a refunding bond that is an other protected
7 obligation issued as a capital appreciation bond delivered to the
8 Michigan municipal bond authority on December 21, 1994, or bonds
9 issued to refund that bond, and the authority, by resolution of its
10 board, authorized issuance of the refunding obligation before
11 December 31, 2019 with a final maturity not later than 2039. The
12 municipality by majority vote of the members of its governing body
13 may pledge its full faith and credit for the payment of the
14 principal of and interest on the refunding obligation. A refunding
15 obligation issued under this subparagraph is not subject to the
16 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611
17 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,
18 141.2501, 141.2503, and 141.2611. The duration of the development
19 plan and the tax increment financing plan relating to the refunding
20 obligations described in this subparagraph is extended to 1 year
21 after the final date of maturity of the refunding obligation.

22 (w) "Specific local tax" means a tax levied under 1974 PA 198,
23 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
24 255, MCL 207.651 to 207.668, the technology park development act,
25 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181
26 to 211.182. The initial assessed value or current assessed value of
27 property subject to a specific local tax shall be the quotient of

1 the specific local tax paid divided by the ad valorem millage rate.
2 However, after 1993, the state tax commission shall prescribe the
3 method for calculating the initial assessed value and current
4 assessed value of property for which a specific local tax was paid
5 in lieu of a property tax.

6 (x) "State fiscal year" means the annual period commencing
7 October 1 of each year.

8 (y) "Tax increment district" or "district" means that area to
9 which the tax increment finance plan pertains.

10 (z) "Tax increment financing plan" means that information and
11 those requirements set forth in sections 313 to 315.

12 (aa) "Tax increment revenues" means the amount of ad valorem
13 property taxes and specific local taxes attributable to the
14 application of the levy of all taxing jurisdictions upon the
15 captured assessed value of real and personal property in the
16 development area, subject to the following requirements:

17 (i) Tax increment revenues include ad valorem property taxes
18 and specific local taxes attributable to the application of the
19 levy of all taxing jurisdictions other than the state pursuant to
20 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
21 and local or intermediate school districts upon the captured
22 assessed value of real and personal property in the development
23 area for any purpose authorized by this part.

24 (ii) Tax increment revenues include ad valorem property taxes
25 and specific local taxes attributable to the application of the
26 levy of the state pursuant to the state education tax act, 1993 PA
27 331, MCL 211.901 to 211.906, and local or intermediate school

1 districts upon the captured assessed value of real and personal
2 property in the development area in an amount equal to the amount
3 necessary, without regard to subparagraph (i), to repay eligible
4 advances, eligible obligations, and other protected obligations.

5 (iii) Tax increment revenues do not include any of the
6 following:

7 (A) Ad valorem property taxes attributable either to a portion
8 of the captured assessed value shared with taxing jurisdictions
9 within the jurisdictional area of the authority or to a portion of
10 value of property that may be excluded from captured assessed value
11 or specific local taxes attributable to such ad valorem property
12 taxes.

13 (B) Ad valorem property taxes excluded by the tax increment
14 financing plan of the authority from the determination of the
15 amount of tax increment revenues to be transmitted to the authority
16 or specific local taxes attributable to such ad valorem property
17 taxes.

18 (C) Ad valorem property taxes levied under 1 or more of the
19 following or specific local taxes attributable to those ad valorem
20 property taxes:

21 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
22 to 123.1183.

23 (II) The art institute authorities act, 2010 PA 296, MCL
24 123.1201 to 123.1229.

25 (iv) The amount of tax increment revenues authorized to be
26 included under subparagraph (ii), and required to be transmitted to
27 the authority under section 314(1), from ad valorem property taxes

1 and specific local taxes attributable to the application of the
2 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
3 211.906, a local school district or an intermediate school district
4 upon the captured assessed value of real and personal property in a
5 development area shall be determined separately for the levy by the
6 state, each school district, and each intermediate school district
7 as the product of sub-subparagraphs (A) and (B):

8 (A) The percentage which the total ad valorem taxes and
9 specific local taxes available for distribution by law to the
10 state, local school district, or intermediate school district,
11 respectively, bear to the aggregate amount of ad valorem millage
12 taxes and specific taxes available for distribution by law to the
13 state, each local school district, and each intermediate school
14 district.

15 (B) The maximum amount of ad valorem property taxes and
16 specific local taxes considered tax increment revenues under
17 subparagraph (ii).

18 (bb) "Transit-oriented development" means infrastructure
19 improvements that are located within 1/2 mile of a transit station
20 or transit-oriented facility that promotes transit ridership or
21 passenger rail use as determined by the board and approved by the
22 municipality in which it is located.

23 (cc) "Transit-oriented facility" means a facility that houses
24 a transit station in a manner that promotes transit ridership or
25 passenger rail use.

26 Sec. 301a. This part shall be known and may be cited as "the
27 tax increment finance authority part".

1 Sec. 302. (1) A municipality may establish not more than 1
2 authority. An authority shall exercise its powers in all
3 development areas designated pursuant to this part.

4 (2) The authority shall be a public body corporate which may
5 sue and be sued in any court of this state. The authority possesses
6 all the powers necessary to carry out the purpose of its
7 incorporation. The enumeration of a power in this part shall not be
8 construed as a limitation upon the general powers of the authority.
9 The powers granted in this part to an authority may be exercised
10 notwithstanding that bonds are not issued by the authority.

11 Sec. 303. (1) If the governing body of a municipality
12 determines that it is in the best interests of the public to halt a
13 decline in property values, increase property tax valuation,
14 eliminate the causes of the decline in property values, and to
15 promote growth in an area in the municipality, the governing body
16 of that municipality may declare by resolution its intention to
17 create and provide for the operation of an authority.

18 (2) In the resolution of intent, the governing body shall set
19 a date for the holding of a public hearing on the adoption of a
20 proposed resolution creating the authority and designating the
21 boundaries of the authority district. Notice of the public hearing
22 shall be published twice in a newspaper of general circulation in
23 the municipality, not less than 20 nor more than 40 days before the
24 date of the hearing. Notice shall also be mailed to the property
25 taxpayers of record in the proposed authority district not less
26 than 20 days before the hearing. Beginning June 1, 2005, the notice
27 of hearing within the time frame described in this subsection shall

1 be mailed by certified mail to the governing body of each taxing
2 jurisdiction levying taxes that would be subject to capture if the
3 authority is established and a tax increment financing plan is
4 approved. Failure to receive the notice shall not invalidate these
5 proceedings. The notice shall state the date, time, and place of
6 the hearing, and shall describe the boundaries of the proposed
7 authority district. At that hearing, a citizen, taxpayer, or
8 property owner of the municipality has the right to be heard in
9 regard to the establishment of the authority and the boundaries of
10 the proposed authority district. The governing body of the
11 municipality shall not incorporate land into the authority district
12 not included in the description contained in the notice of public
13 hearing, but it may eliminate described lands from the authority
14 district in the final determination of the boundaries.

15 (3) After the public hearing, if the governing body intends to
16 proceed with the establishment of the authority, it shall adopt, by
17 majority vote of its members, a resolution establishing the
18 authority and designating the boundaries of the authority district
19 within which the authority shall exercise its powers. The adoption
20 of the resolution is subject to any applicable statutory or charter
21 provisions with respect to the approval or disapproval by the chief
22 executive or other officer of the municipality and the adoption of
23 a resolution over his or her veto. This resolution shall be filed
24 with the secretary of state promptly after its adoption and shall
25 be published at least once in a newspaper of general circulation in
26 the municipality.

27 (4) The governing body may alter or amend the boundaries of

1 the authority district to include or exclude lands from the
2 authority district in accordance with the same requirements
3 prescribed for adopting the resolution creating the authority.

4 (5) The validity of the proceedings establishing an authority
5 shall be conclusive unless contested in a court of competent
6 jurisdiction within 60 days after the last of the following takes
7 place:

8 (a) Publication of the resolution as adopted.

9 (b) Filing of the resolution with the secretary of state.

10 Sec. 304. (1) The authority shall be under the supervision and
11 control of a board chosen by the governing body which may by
12 majority vote designate any 1 of the following to constitute the
13 board:

14 (a) The board of directors of the economic development
15 corporation of the municipality established pursuant to the
16 economic development corporations act, 1974 PA 338, MCL 125.1601 to
17 125.1636.

18 (b) The trustees of the board of a downtown development
19 authority established pursuant to part 2.

20 (c) The trustees of the board of an urban redevelopment
21 corporation established pursuant to the urban redevelopment
22 corporations law, 1941 PA 250, MCL 125.901 to 125.922.

23 (d) The members of the commission established pursuant to 1945
24 PA 344, MCL 125.71 to 125.84.

25 (e) In a municipality that has a population of less than
26 5,000, the planning commission of the municipality established
27 pursuant to Michigan planning enabling act, 2008 PA 33, MCL

1 125.3801 to 125.3885.

2 (f) Not less than 7 nor more than 13 persons appointed by the
3 chief executive officer of the municipality subject to the approval
4 of the governing body. Of the members appointed, an equal number,
5 as near as practicable, shall be appointed for 1 year, 2 years, 3
6 years, and 4 years. A member shall hold office until the member's
7 successor is appointed. Thereafter, each member shall serve for a
8 term of 4 years. An appointment to fill a vacancy shall be made by
9 the chief executive officer of the municipality for the unexpired
10 term only. Members of the board shall serve without compensation,
11 but shall be reimbursed for actual and necessary expenses.

12 (2) The chairperson of the board shall be elected by the
13 board.

14 (3) Before assuming the duties of office, a member shall
15 qualify by taking and subscribing to the constitutional oath of
16 office.

17 (4) The board shall adopt rules governing its procedure and
18 the holding of regular meetings, subject to the approval of the
19 governing body. Special meetings may be held when called in the
20 manner provided in the rules of the board. Meetings of the board
21 shall be open to the public, in accordance with the open meetings
22 act, 1976 PA 267, MCL 15.261 to 15.275.

23 (5) Pursuant to notice and an opportunity to be heard, a
24 member of the board appointed pursuant to subsection (1)(f) may be
25 removed before the expiration of his or her term for cause by the
26 governing body. Removal of a member is subject to the review by the
27 circuit court.

1 (6) All expense items of the authority shall be publicized
2 annually and the financial records shall be open to the public
3 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
4 to 15.246.

5 Sec. 305. (1) The board may employ and fix the compensation of
6 a director, subject to the approval of the governing body. The
7 director shall serve at the pleasure of the board. A member of the
8 board is not eligible to hold the position of director. Before
9 entering upon the duties of the office, the director shall take and
10 subscribe to the constitutional oath and furnish bond by posting a
11 bond in the penal sum determined in the resolution establishing the
12 authority, payable to the authority for use and benefit of the
13 authority, approved by the board, and filed with the clerk of the
14 municipality. The premium on the bond shall be considered an
15 operating expense of the authority, payable from funds available to
16 the authority for expenses of operation. The director shall be the
17 chief executive office of the authority. Subject to the approval of
18 the board, the director shall supervise and be responsible for the
19 preparation of plans and the performance of the functions of the
20 authority in the manner authorized by this part. The director shall
21 attend the meetings of the board and shall render to the board and
22 to the governing body a regular report covering the activities and
23 financial condition of the authority. If the director is absent or
24 disabled, the board may designate a qualified person as acting
25 director to perform the duties of the office. Before entering upon
26 the duties of the office, the acting director shall take and
27 subscribe to the constitutional oath and furnish bond as required

1 of the director. The director shall furnish the board with
2 information or reports governing the operation of the authority as
3 the board requires.

4 (2) The board may appoint or employ and fix the compensation
5 of a treasurer who shall keep the financial records of the
6 authority, and who, together with the director, if a director is
7 appointed, shall approve all vouchers for the expenditure of funds
8 of the authority. The treasurer shall perform such other duties as
9 may be delegated by the board and shall furnish bond in an amount
10 as prescribed by the board.

11 (3) The board may appoint or employ and fix the compensation
12 of a secretary, who shall maintain custody of the official seal and
13 of records, books, documents, or other papers not required to be
14 maintained by the treasurer. The secretary shall attend meetings of
15 the board and keep a record of its proceedings and shall perform
16 such other duties as may be delegated by the board.

17 (4) The board may retain legal counsel to advise the board in
18 the proper performance of its duties. The legal counsel shall
19 represent the authority in actions brought by or against the
20 authority.

21 (5) The board may employ other personnel considered necessary
22 by the board.

23 (6) The employees of an authority may be eligible to
24 participate in municipal retirement and insurance programs of the
25 municipality as if they were civil service employees on the same
26 basis as civil service employees.

27 Sec. 307. The board may:

1 (a) Prepare an analysis of economic changes taking place in
2 the municipality and its environs as those changes relate to urban
3 deterioration in the development areas.

4 (b) Study and analyze the impact of growth upon development
5 areas.

6 (c) Plan and propose the construction, renovation, repair,
7 remodeling, rehabilitation, restoration, preservation, or
8 reconstruction of a public facility, an existing building, or a
9 multiple family dwelling unit which may be necessary or appropriate
10 to the execution of a plan which, in the opinion of the board, aids
11 in the revitalization and growth of the development area.

12 (d) Plan, propose, and implement an improvement to a public
13 facility within the development area to comply with the barrier
14 free design requirements of the state construction code promulgated
15 under the Stille-Derossett-Hale single state construction code act,
16 1972 PA 230, MCL 125.1501 to 125.1531.

17 (e) Develop long-range plans, in cooperation with the agency
18 which is chiefly responsible for planning in the municipality,
19 designed to halt the decline of property values and to promote the
20 growth of the development area, and take such steps as may be
21 necessary to implement the plans to the fullest extent possible.

22 (f) Implement any plan of development in a development area
23 necessary to achieve the purposes of this part, in accordance with
24 the powers of the authority as granted by this part.

25 (g) Make and enter into contracts necessary or incidental to
26 the exercise of its powers and the performance of its duties.

27 (h) Acquire by purchase or otherwise, on terms and conditions

1 and in a manner the authority considers proper, own, convey,
2 demolish, relocate, rehabilitate, or otherwise dispose of, or lease
3 as lessor or lessee, land and other property, real or personal, or
4 rights or interests therein, which the authority determines is
5 reasonably necessary to achieve the purposes of this part, and to
6 grant or acquire licenses, easements, and options with respect
7 thereto.

8 (i) Improve land, prepare sites for buildings, including the
9 demolition of existing structures and construct, reconstruct,
10 rehabilitate, restore, and preserve, equip, improve, maintain,
11 repair, and operate any building, including any type of housing,
12 and any necessary or desirable appurtenances thereto, within the
13 development area for the use, in whole or in part, of any public or
14 private person or corporation, or a combination thereof.

15 (j) Fix, charge, and collect fees, rents, and charges for the
16 use of any building or property or any part of a building or
17 property under its control, or a facility in the building or on the
18 property, and pledge the fees, rents, and charges for the payment
19 of revenue bonds issued by the authority.

20 (k) Lease any building or property or part of a building or
21 property under its control.

22 (l) Accept grants and donations of property, labor, or other
23 things of value from a public or private source.

24 (m) Acquire and construct public facilities.

25 (n) Incur costs in connection with the performance of its
26 authorized functions, including but not limited to, administrative
27 costs, and architects, engineers, legal, and accounting fees.

1 Sec. 308. If a board created under this part serves as the
2 planning commission under the Michigan planning enabling act, 2008
3 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
4 commission business in its agenda.

5 Sec. 309. The authority shall be considered an instrumentality
6 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
7 to 213.332.

8 Sec. 310. A municipality may take private property under 1980
9 PA 87, MCL 213.51 to 213.77 for the purpose of transfer to the
10 authority, and may transfer the property to the authority for use
11 as authorized in the development program, on terms and conditions
12 it considers appropriate. The taking, transfer, and use shall be
13 considered necessary for public purposes and for the benefit of the
14 public.

15 Sec. 311. The activities of the authority shall be financed
16 from 1 or more of the following sources:

17 (a) Contributions to the authority for the performance of its
18 functions.

19 (b) Revenues from any property, building, or facility owned,
20 leased, licensed, or operated by the authority or under its
21 control, subject to the limitations imposed upon the authority by
22 trusts or other agreements.

23 (c) Tax increment revenues received pursuant to a tax
24 increment financing plan established under sections 313 to 315.

25 (d) Proceeds of tax increment bonds issued pursuant to section
26 315.

27 (e) Proceeds of revenue bonds issued pursuant to section 312.

1 (f) Money obtained from any other sources approved by the
2 governing body of the municipality or otherwise authorized by law
3 for use by the authority or the municipality to finance a
4 development program.

5 (g) Money obtained pursuant to section 312a.

6 Sec. 312. (1) The authority may borrow money and issue its
7 negotiable revenue bonds pursuant to the revenue bond act of 1933,
8 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
9 authority shall not, except as hereinafter provided, be considered
10 a debt of the municipality or of the state.

11 (2) The municipality by majority vote of the members of its
12 governing body may pledge its full faith and credit limited tax to
13 support the authority's revenue bonds.

14 Sec. 312a. (1) If the amount of tax increment revenues lost as
15 a result of the reduction of taxes levied by local school districts
16 for school operating purposes required by the millage limitations
17 under section 1211 of the revised school code, 1976 PA 451, MCL
18 380.1211, reduced by the amount of tax increment revenues received
19 from the capture of taxes levied under or attributable to the state
20 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
21 the tax increment revenues received in a fiscal year by an
22 authority under section 314 to be insufficient to repay an eligible
23 advance or to pay an eligible obligation, the legislature shall
24 appropriate and distribute to the authority the amount described in
25 subsection (5).

26 (2) Not less than 30 days before the first day of a fiscal
27 year, an authority eligible to retain tax increment revenues from

1 taxes levied by a local or intermediate school district or this
2 state, or to receive a distribution under this section for that
3 fiscal year shall file a claim with the department of treasury. The
4 claim shall include the following information:

5 (a) The property tax millage rates levied in 1993 by local
6 school districts within the jurisdictional area of the authority
7 for school operating purposes.

8 (b) The property tax millage rates expected to be levied by
9 local school districts within the jurisdictional area of the
10 authority for school operating purposes for that fiscal year.

11 (c) The tax increment revenues estimated to be received by the
12 authority for that fiscal year based upon actual property tax
13 levies of all taxing jurisdictions within the jurisdictional area
14 of the authority plus any tax increment revenues the authority
15 would have received for the fiscal year from property that is
16 exempt from taxation pursuant to the Michigan renaissance zone act,
17 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
18 taxable value at the time the zone is designated.

19 (d) The tax increment revenues the authority estimates it
20 would have received for that fiscal year if property taxes were
21 levied by local school districts within the jurisdictional area of
22 the authority for school operating purposes at the millage rates
23 described in subdivision (a) and if no property taxes were levied
24 by this state under the state education tax act, 1993 PA 331, MCL
25 211.901 to 211.906.

26 (e) A list and documentation of eligible obligations and
27 eligible advances and the payments due on each of those eligible

1 obligations or eligible advances in that fiscal year, and the total
2 amount of all the payments due on those eligible obligations and
3 eligible advances in that fiscal year.

4 (f) The amount of money, other than tax increment revenues,
5 estimated to be received in that fiscal year by the authority that
6 is primarily pledged to, and to be used for, the payment of an
7 eligible obligation or the repayment of an eligible advance. That
8 amount shall not include excess tax increment revenues of the
9 authority that are permitted by law to be retained by the authority
10 for purposes that further the development program. However, that
11 amount shall include money to be obtained from sources authorized
12 by law, which law is enacted on or after December 1, 1993, for use
13 by the municipality or authority to finance a development project.

14 (g) The amount of a distribution received pursuant to this
15 part for a fiscal year in excess of or less than the distribution
16 that would have been required if calculated upon actual tax
17 increment revenues received for that fiscal year.

18 (h) A list and documentation of other protected obligations
19 and the payments due on each of those other protected obligations
20 in that fiscal year, and the total amount of all the payments due
21 on those other protected obligations in that fiscal year.

22 (3) For the fiscal year that commences after September 30,
23 1993 and before October 1, 1994, an authority may make a claim with
24 all information required by subsection (2) at any time after March
25 15, 1994.

26 (4) After review and verification of claims submitted pursuant
27 to this section, amounts appropriated by the state in compliance

1 with this part shall be distributed as 2 equal payments on March 1
2 and September 1 after receipt of a claim. An authority shall
3 allocate a distribution it receives for an eligible obligation
4 issued on behalf of a municipality to the municipality.

5 (5) Subject to subsections (6) and (7), the aggregate amount
6 to be appropriated and distributed pursuant to this section to an
7 authority shall be the sum of the amounts determined pursuant to
8 subdivisions (a) and (b) minus the amount determined pursuant to
9 subdivision (c), as follows:

10 (a) The amount by which the tax increment revenues the
11 authority would have received for the fiscal year, if property
12 taxes were levied by local school districts on property, including
13 property that is exempt from taxation pursuant to the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
15 on the property's taxable value at the time the zone is designated,
16 for school operating purposes at the millage rates described in
17 subsection (2)(a) and if no property taxes were levied under the
18 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
19 exceed the sum of tax increment revenues the authority actually
20 received for the fiscal year plus any tax increment revenues the
21 authority would have received for the fiscal year from property
22 that is exempt from taxation pursuant to the Michigan renaissance
23 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
24 property's taxable value at the time the zone is designated.

25 (b) A shortfall required to be reported pursuant to subsection
26 (2)(g) that had not previously increased a distribution.

27 (c) An excess amount required to be reported pursuant to

1 subsection (2)(g) that had not previously decreased a distribution.

2 (6) The amount distributed under subsection (5) shall not
3 exceed the difference between the amount described in subsection
4 (2)(e) and the sum of the amounts described in subsection (2)(c)
5 and (f).

6 (7) If, based upon the tax increment financing plan in effect
7 on August 19, 1993, the payment due on eligible obligations or
8 eligible advances anticipates the use of excess prior year tax
9 increment revenues permitted by law to be retained by the
10 authority, and if the sum of the amounts described in subsection
11 (2)(c) and (f) plus the amount to be distributed under subsections
12 (5) and (6) is less than the amount described in subsection (2)(e),
13 the amount to be distributed under subsections (5) and (6) shall be
14 increased by the amount of the shortfall. However, the amount
15 authorized to be distributed pursuant to this section shall not
16 exceed that portion of the cumulative difference, for each
17 preceding fiscal year, between the amount that could have been
18 distributed pursuant to subsection (5) and the amount actually
19 distributed pursuant to subsections (5) and (6) and this
20 subsection.

21 (8) A distribution under this section replacing tax increment
22 revenues pledged by an authority or a municipality is subject to
23 the lien of the pledge, whether or not there has been physical
24 delivery of the distribution.

25 (9) Obligations for which distributions are made pursuant to
26 this section are not a debt or liability of this state; do not
27 create or constitute an indebtedness, liability, or obligation of

1 this state; and are not and do not constitute a pledge of the faith
2 and credit of this state.

3 (10) Not later than July 1 of each year, the authority shall
4 certify to the local tax collecting treasurer the amount of the
5 distribution required under subsection (5), calculated without
6 regard to the receipt of tax increment revenues attributable to
7 local or intermediate school district taxes or attributable to
8 taxes levied under the state education tax act, 1993 PA 331, MCL
9 211.901 to 211.906.

10 (11) Calculations of distributions under this section and
11 claims reports required to be made under subsection (2) shall be
12 made on the basis of each development area of the authority.

13 (12) The state tax commission may provide that the
14 reimbursement calculations under this section and the calculation
15 of allowable capture of school taxes shall be made for each
16 calendar year's tax increment revenues using a 12-month debt
17 payment period used by the authority and approved by the state tax
18 commission.

19 Sec. 312b. (1) If the amount of tax increment revenues lost as
20 a result of the personal property tax exemptions provided by
21 section 1211(4) of the revised school code, 1976 PA 451, MCL
22 380.1211, section 3 of the state education tax act, 1993 PA 331,
23 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
24 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
25 reduce the allowable school tax capture received in a fiscal year,
26 then, notwithstanding any other provision of this part, the
27 authority, with approval of the department of treasury under

1 subsection (3), may request the local tax collecting treasurer to
2 retain and pay to the authority taxes levied within the
3 municipality under the state education tax act, 1993 PA 331, MCL
4 211.901 to 211.906, to be used for the following:

5 (a) To repay an eligible advance.

6 (b) To repay an eligible obligation.

7 (c) To repay an other protected obligation.

8 (2) Not later than June 15, 2008, not later than September 30,
9 2009, and not later than June 1 of each subsequent year, an
10 authority eligible under subsection (1) to have taxes levied under
11 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
12 retained and paid to the authority under this section, shall apply
13 for approval with the department of treasury. The application for
14 approval shall include the following information:

15 (a) The property tax millage rates expected to be levied by
16 local school districts within the jurisdictional area of the
17 authority for school operating purposes for that fiscal year.

18 (b) The tax increment revenues estimated to be received by the
19 authority for that fiscal year based upon actual property tax
20 levies of all taxing jurisdictions within the jurisdictional area
21 of the authority.

22 (c) The tax increment revenues the authority estimates it
23 would have received for that fiscal year if the personal property
24 tax exemptions described in subsection (1) were not in effect.

25 (d) A list of eligible obligations, eligible advances, and
26 other protected obligations, the payments due on each of those in
27 that fiscal year, and the total amount of all the payments due on

1 all of those in that fiscal year.

2 (e) The amount of money, other than tax increment revenues,
3 estimated to be received in that fiscal year by the authority that
4 is primarily pledged to, and to be used for, the payment of an
5 eligible obligation, the repayment of an eligible advance, or the
6 payment of an other protected obligation. That amount shall not
7 include excess tax increment revenues of the authority that are
8 permitted by law to be retained by the authority for purposes that
9 further the development program. However, that amount shall include
10 money to be obtained from sources authorized by law, which law is
11 enacted on or after December 1, 1993, for use by the municipality
12 or authority to finance a development plan.

13 (f) The amount of a distribution received pursuant to this
14 part for a fiscal year in excess of or less than the distribution
15 that would have been required if calculated upon actual tax
16 increment revenues received for that fiscal year.

17 (3) Not later than August 15, 2008; for 2009 only, not later
18 than 30 days after the effective date of the amendatory act that
19 amended this sentence; and not later than August 15 of each
20 subsequent year, based on the calculations under subsection (5),
21 the department of treasury shall approve, modify, or deny the
22 application for approval to have taxes levied under the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
24 and paid to the authority under this section. If the application
25 for approval contains the information required under subsection
26 (2)(a) through (f) and appears to be in substantial compliance with
27 the provisions of this section, then the department of treasury

1 shall approve the application. If the application is denied by the
2 department of treasury, then the department of treasury shall
3 provide the opportunity for a representative of the authority to
4 discuss the denial within 21 days after the denial occurs and shall
5 sustain or modify its decision within 30 days after receiving
6 information from the authority. If the application for approval is
7 approved or modified by the department of treasury, the local tax
8 collecting treasurer shall retain and pay to the authority the
9 amount described in subsection (5) as approved by the department.
10 If the department of treasury denies the authority's application
11 for approval, the local tax collecting treasurer shall not retain
12 or pay to the authority the taxes levied under the state education
13 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
14 department does not prohibit a subsequent audit of taxes retained
15 in accordance with the procedures currently authorized by law.

16 (4) Each year, the legislature shall appropriate and
17 distribute an amount sufficient to pay each authority the
18 following:

19 (a) If the amount to be retained and paid under subsection (3)
20 is less than the amount calculated under subsection (5), the
21 difference between those amounts.

22 (b) If the application for approval is denied by the
23 department of treasury, an amount verified by the department equal
24 to the amount calculated under subsection (5).

25 (5) Subject to subsection (6), the aggregate amount under this
26 section shall be the sum of the amounts determined under
27 subdivisions (a) and (b) minus the amount determined under

1 subdivision (c), as follows:

2 (a) The amount by which the tax increment revenues the
3 authority would have received and retained for the fiscal year,
4 excluding taxes exempt under section 7ff of the general property
5 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
6 exemptions described in subsection (1) were not in effect, exceed
7 the tax increment revenues the authority actually received for the
8 fiscal year.

9 (b) A shortfall required to be reported under subsection
10 (2)(f) that had not previously increased a distribution.

11 (c) An excess amount required to be reported under subsection
12 (2)(f) that had not previously decreased a distribution.

13 (6) A distribution or taxes retained under this section
14 replacing tax increment revenues pledged by an authority or a
15 municipality are subject to any lien of the pledge described in
16 subsection (1), whether or not there has been physical delivery of
17 the distribution.

18 (7) Obligations for which distributions are made under this
19 section are not a debt or liability of this state; do not create or
20 constitute an indebtedness, liability, or obligation of this state;
21 and are not and do not constitute a pledge of the faith and credit
22 of this state.

23 (8) Not later than September 15 of each year, the authority
24 shall provide a copy of the application for approval approved by
25 the department of treasury to the local tax collecting treasurer
26 and provide the amount of the taxes retained and paid to the
27 authority under subsection (5).

1 (9) Calculations of amounts retained and paid and
2 appropriations to be distributed under this section shall be made
3 on the basis of each development area of the authority.

4 (10) The state tax commission may provide that the
5 reimbursement calculations under this section and the calculation
6 of allowable capture of school taxes shall be made for each
7 calendar year's tax increment revenues using a 12-month debt
8 payment period used by the authority and approved by the state tax
9 commission.

10 (11) It is the intent of the legislature that, to the extent
11 that the total amount of taxes levied under the state education tax
12 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
13 retained under this section and section 411b, section 15a of the
14 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
15 and section 213c, exceeds the difference of the total school aid
16 fund revenue for the tax year minus the estimated amount of revenue
17 the school aid fund would have received for the tax year had the
18 tax exemptions described in subsection (1) and the earmark created
19 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
20 208.1515, not taken effect, the general fund shall reimburse the
21 school aid fund the difference.

22 Sec. 313. (1) When the authority determines that it is
23 necessary for the achievement of the purposes of this part, the
24 authority shall prepare and submit a tax increment financing plan
25 to the governing body. The plan shall be in compliance with section
26 314 and shall include a development plan as provided in section
27 316. The plan shall also contain the following:

1 (a) A statement of the reasons that the plan will result in
2 the development of captured assessed value that could not otherwise
3 be expected. The reasons may include, but are not limited to,
4 activities of the municipality, authority, or others undertaken
5 before formulation or adoption of the plan in reasonable
6 anticipation that the objectives of the plan would be achieved by
7 some means.

8 (b) An estimate of the captured assessed value for each year
9 of the plan. The plan may provide for the use of part or all of the
10 captured assessed value, but the portion intended to be used shall
11 be clearly stated in the plan. The authority or municipality may
12 exclude from captured assessed value growth in property value
13 resulting solely from inflation. The plan shall set forth the
14 method for excluding growth in property value resulting solely from
15 inflation. The percentage of taxes levied for school operating
16 purposes that is captured and used by the plan shall not be greater
17 than the plan's percentage capture and use of taxes levied by a
18 municipality or county for operating purposes. For purposes of the
19 previous sentence, taxes levied by a county for operating purposes
20 include only millage allocated for county or charter county
21 purposes under the property tax limitation act, 1933 PA 62, MCL
22 211.201 to 211.217a. This limitation does not apply to the portion
23 of the captured assessed value shared pursuant to an agreement
24 entered into before 1989 with a county or with a city in which an
25 enterprise zone is approved under section 13 of the enterprise zone
26 act, 1985 PA 224, MCL 125.2113.

27 (c) The estimated tax increment revenues for each year of the

1 plan.

2 (d) A detailed explanation of the tax increment procedure.

3 (e) The maximum amount of bonded indebtedness to be incurred.

4 (f) The amount of operating and planning expenditures of the
5 authority and municipality, the amount of advances extended by or
6 indebtedness incurred by the municipality, and the amount of
7 advances by others to be repaid from tax increment revenues.

8 (g) The costs of the plan anticipated to be paid from tax
9 increment revenues as received.

10 (h) The duration of the development plan and the tax increment
11 plan.

12 (i) An estimate of the impact of tax increment financing on
13 the revenues of all taxing jurisdictions in which the development
14 area is located.

15 (2) Approval of the tax increment financing plan shall be in
16 accordance with the notice, hearing, disclosure, and approval
17 provisions of sections 317 and 318. When the development plan is
18 part of the tax increment financing plan, only 1 hearing and
19 approval procedure is required for the 2 plans together.

20 (3) Before the public hearing on the tax increment financing
21 plan, the governing body shall provide a reasonable opportunity to
22 the taxing jurisdictions in which the development is located to
23 express their views and recommendations regarding the tax increment
24 financing plan. The authority shall fully inform the taxing
25 jurisdictions about the fiscal and economic implications of the
26 proposed tax increment financing plan. The taxing jurisdictions may
27 present their recommendations at the public hearing on the tax

1 increment financing plan. The authority may enter into agreements
2 with the taxing jurisdictions and the governing body of the
3 municipality in which the development area is located to share a
4 portion of the captured assessed value of the district.

5 Sec. 314. (1) The municipal and county treasurers shall
6 transmit to the authority tax increment revenues.

7 (2) The authority shall expend the tax increment revenues
8 received for the development program only in accordance with the
9 tax increment financing plan. Surplus funds may be retained by the
10 authority for the payment of the principal of and interest on
11 outstanding tax increment bonds or for other purposes that, by
12 resolution of the board, are determined to further the development
13 program. Any surplus funds not so used shall revert proportionately
14 to the respective taxing bodies. These revenues shall not be used
15 to circumvent existing property tax laws or a local charter that
16 provides a maximum authorized rate for levy of property taxes. The
17 governing body may abolish the tax increment financing plan when it
18 finds that the purposes for which the plan was established are
19 accomplished. However, the tax increment finance plan shall not be
20 abolished, allowed to expire, or otherwise terminate until the
21 principal of, and interest on, bonds issued pursuant to section 315
22 have been paid or funds sufficient to make the payment have been
23 segregated.

24 Sec. 315. (1) By resolution of its board, the authority may
25 authorize, issue, and sell its tax increment bonds, subject to the
26 limitations set forth in this section, to finance a development
27 program. The bonds are subject to the revised municipal finance

1 act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under
2 this section shall be considered a single series for the purposes
3 of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
4 141.2821.

5 (2) The municipality by majority vote of the members of its
6 governing body may pledge its full faith and credit for the payment
7 of the principal of and interest on the authority's tax increment
8 bonds. The municipality may pledge as additional security for the
9 bonds any money received by the authority or the municipality
10 pursuant to section 311.

11 (3) Notwithstanding any other provision of this part, if the
12 state treasurer determines that an authority or municipality can
13 issue a qualified refunding obligation and the authority or
14 municipality does not make a good faith effort to issue the
15 qualified refunding obligation as determined by the state
16 treasurer, the state treasurer may reduce the amount claimed by the
17 authority or municipality under section 312a by an amount equal to
18 the net present value saving that would have been realized had the
19 authority or municipality refunded the obligation or the state
20 treasurer may require a reduction in the capture of tax increment
21 revenues from taxes levied by a local or intermediate school
22 district or this state by an amount equal to the net present value
23 savings that would have been realized had the authority or
24 municipality refunded the obligation. This subsection does not
25 authorize the state treasurer to require the authority or
26 municipality to pledge security greater than the security pledged
27 for the obligation being refunded.

1 Sec. 316. (1) When a board decides to finance a project in a
2 development area pursuant to this part, it shall prepare a
3 development plan.

4 (2) To the extent necessary to accomplish the proposed
5 development program the development plan shall contain:

6 (a) The designation of boundaries of the development area in
7 relation to the boundaries of the authority district and any other
8 development areas within the authority district.

9 (b) The designation of boundaries of the development area in
10 relation to highways, streets, or otherwise.

11 (c) The location and extent of existing streets and other
12 public facilities within the development area and the location,
13 character, and extent of the categories of public and private land
14 uses then existing and proposed for the development area, including
15 residential, recreational, commercial, industrial, educational, and
16 other uses and shall include a legal description of the development
17 area.

18 (d) A description of improvements to be made in the
19 development area, a description of any repairs and alterations
20 necessary to make those improvements, and an estimate of the time
21 required for completion of the improvements.

22 (e) The location, extent, character, and estimated cost of the
23 improvements including rehabilitation contemplated for the
24 development area and an estimate of the time required for
25 completion.

26 (f) A statement of the construction or stages of construction
27 planned, and the estimated time of completion of each stage.

1 (g) A description of any parts of the development area to be
2 left as open space and the use contemplated for the space.

3 (h) A description of any portions of the development area
4 which the authority desires to sell, donate, exchange, or lease to
5 or from the municipality and the proposed terms.

6 (i) A description of desired zoning changes and changes in
7 streets, street levels, intersections, and utilities.

8 (j) An estimate of the cost of the development, a statement of
9 the proposed method of financing the development, and the ability
10 of the authority to arrange the financing.

11 (k) Designation of the person or persons, natural or
12 corporate, to whom all or a portion of the development is to be
13 leased, sold, or conveyed and for whose benefit the project is
14 being undertaken, if that information is available to the
15 authority.

16 (l) The procedures for bidding for the leasing, purchasing, or
17 conveying of all or a portion of the development upon its
18 completion, if there is no express or implied agreement between the
19 authority and persons, natural or corporate, that all or a portion
20 of the development will be leased, sold, or conveyed to those
21 persons.

22 (m) Estimates of the number of persons residing in the
23 development area and the number of families and individuals to be
24 displaced. If occupied residences are designated for acquisition
25 and clearance by the authority, a development plan shall include a
26 survey of the families and individuals to be displaced, including
27 their income and racial composition, a statistical description of

1 the housing supply in the community, including the number of
2 private and public units in existence or under construction, the
3 condition of those in existence, the number of owner-occupied and
4 renter-occupied units, the annual rate of turnover of the various
5 types of housing and the range of rents and sale prices, an
6 estimate of the total demand for housing in the community, and the
7 estimated capacity of private and public housing available to
8 displaced families and individuals.

9 (n) A plan for establishing priority for the relocation of
10 persons displaced by the development in any new housing in the
11 development area.

12 (o) Provision for the costs of relocating persons displaced by
13 the development, and financial assistance and reimbursement of
14 expenses, including litigation expenses and expenses incident to
15 the transfer of title, in accordance with the standards and
16 provisions of the federal uniform relocation assistance and real
17 property acquisition policies act of 1970, 42 USC 4601 to 4655.

18 (p) A plan for compliance with 1972 PA 227, MCL 213.321 to
19 213.332.

20 (q) Other material which the authority, local public agency,
21 or governing body considers pertinent.

22 (3) It shall not be necessary for the board to prepare a
23 development plan pursuant to this section where a development plan
24 that adequately provides for accomplishing the proposed development
25 program has already been prepared by any of the organizations
26 described in section 314(1)(a) to (d) and where the development
27 plan has been approved by the board and governing body pursuant to

1 sections 317 and 318.

2 Sec. 317. (1) The governing body, before adoption of a
3 resolution approving or amending a development plan or approving or
4 amending a tax increment financing plan, shall hold a public
5 hearing on the development plan. Notice of the time and place of
6 the hearing shall be given by publication twice in a newspaper of
7 general circulation designated by the municipality, the first of
8 which shall not be less than 20 days before the date set for the
9 hearing. Notice shall also be mailed to all property taxpayers of
10 record in the development area not less than 20 days before the
11 hearing. Beginning June 1, 2005, the notice of hearing within the
12 time frame described in this subsection shall be mailed by
13 certified mail to the governing body of each taxing jurisdiction
14 levying taxes that would be subject to capture if the development
15 plan or the tax increment financing plan is approved or amended.

16 (2) Notice of the time and place of hearing on a development
17 plan shall contain the following:

18 (a) A description of the proposed development area in relation
19 to highways, streets, streams, or otherwise.

20 (b) A statement that maps, plats, and a description of the
21 development plan, including the method of relocating families and
22 individuals who may be displaced from the area, are available for
23 public inspection at a place designated in the notice, and that all
24 aspects of the development plan will be open for discussion at the
25 public hearing.

26 (c) Other information that the governing body considers
27 appropriate.

1 (3) At the time set for hearing, the governing body shall
2 provide an opportunity for interested persons to be heard and shall
3 receive and consider communications in writing with reference
4 thereto. The hearing shall provide the fullest opportunity for
5 expression of opinion, for argument on the merits, and for
6 introduction of documentary evidence pertinent to the development
7 plan. The governing body shall make and preserve a record of the
8 public hearing, including all data presented at that time.

9 Sec. 318. (1) The governing body, after a public hearing on
10 the development plan or the tax increment financing plan, or both,
11 with notice of the hearing given pursuant to section 317, shall
12 determine whether the development plan or tax increment financing
13 plan constitutes a public purpose. If the governing body determines
14 that the development plan or tax increment financing plan
15 constitutes a public purpose, the governing body shall then approve
16 or reject the plan, or approve it with modification, by resolution
17 based on the following considerations:

18 (a) The findings and recommendations of a development area
19 citizens council, if a development area citizens council was
20 formed.

21 (b) Whether the development plan meets the requirements set
22 forth in section 316(2) and the tax increment financing plan meets
23 the requirements set forth in section 313(1).

24 (c) Whether the proposed method of financing the development
25 is feasible and the authority has the ability to arrange the
26 financing.

27 (d) Whether the development is reasonable and necessary to

1 carry out the purposes of this part.

2 (e) Whether the amount of captured assessed value estimated to
3 result from adoption of the plan is reasonable.

4 (f) Whether the land to be acquired within the development
5 area is reasonably necessary to carry out the purposes of the plan
6 and the purposes of this part.

7 (g) Whether the development plan is in reasonable accord with
8 the approved master plan of the municipality, if an approved master
9 plan exists.

10 (h) Whether public services, such as fire and police
11 protection and utilities, are or will be adequate to service the
12 development area.

13 (i) Whether changes in zoning, streets, street levels,
14 intersections, and utilities are reasonably necessary for the
15 project and for the municipality.

16 (2) Except as provided in this subsection, amendments to an
17 approved development plan or tax increment plan must be submitted
18 by the authority to the governing body for approval or rejection
19 following the same notice and public hearing provisions that are
20 necessary for approval or rejection of the original plan. Notice
21 and hearing shall not be necessary for revisions in the estimates
22 of captured assessed value and tax increment revenues.

23 (3) The procedure, adequacy of notice, and findings with
24 respect to purpose and captured assessed value shall be conclusive
25 unless contested in a court of competent jurisdiction within 60
26 days after adoption of the resolution adopting the plan. A plan
27 adopted before July 18, 1983 is validated and shall be conclusive

1 unless contested in a court of competent jurisdiction within 60
2 days after July 18, 1983. A plan in effect before July 18, 1983
3 shall not be contested to the extent that tax increment revenues
4 are necessary for the payment of principal and interest on
5 outstanding bonds issued pursuant to the plan and payable from the
6 tax increment revenues or to the extent the authority or
7 municipality has incurred other obligations or made commitments
8 dependent upon tax increment revenues.

9 Sec. 319. A person to be relocated under this part shall be
10 given not less than 90 days' written notice to vacate unless
11 modified by court order for good cause.

12 Sec. 320. (1) A development area citizens council shall be
13 established if the proposed development area has 100 or more
14 persons residing within it and a change in zoning or a taking of
15 property by eminent domain is necessary to accomplish the proposed
16 development program. The council shall act as an advisory body to
17 the authority and the governing body in the adoption of the
18 development plan or tax increment financing plan.

19 (2) If a development area citizens council is required, the
20 council shall be appointed by the governing body, and shall consist
21 of not less than 9 members. Each member shall be at least 18 years
22 of age and reside in the development area. The council shall be
23 established at least 60 days before the public hearing on the
24 development plan or the tax increment financing plan, or both.

25 (3) If a development area citizens council is required
26 pursuant to subsection (1) and if the authority was established
27 pursuant to section 304(1)(a), (b), (c), or (d), a council

1 established in conjunction with any of those boards or commissions,
2 may serve in an advisory capacity to the authority, if the
3 authority determines it is representative of the development area.

4 Sec. 321. Periodically a representative of the authority
5 responsible for preparation of a development or tax increment
6 financing plan within the development area shall consult with and
7 advise the development area citizens council regarding the aspects
8 of a development plan, including the development of new housing for
9 relocation purposes located either inside or outside of the
10 development area. The consultation shall begin before any final
11 decisions by the authority and the governing body regarding a
12 development or tax increment financing plan. The consultation shall
13 continue throughout the preparation and implementation of the
14 development or tax increment financing plan.

15 Sec. 322. (1) Meetings of the council shall be open to the
16 public. Notice of the time and place of the meetings shall be
17 posted in at least 10 conspicuous places in the development area
18 accessible to the public not less than 5 days before the dates set
19 for meetings of the council. A person present at those meetings
20 shall have reasonable opportunity to be heard.

21 (2) A record of the meetings of a council, including
22 information and data presented, shall be maintained by the council.

23 (3) A council may request of and receive from the authority
24 information and technical assistance relevant to the preparation of
25 the development plan for the development area.

26 (4) Failure of a council to organize or to consult with and be
27 advised by the authority, or failure to advise the governing body,

1 as provided in this part, shall not preclude the adoption of a
2 development plan by a municipality if the municipality complies
3 with the other provisions of this part.

4 Sec. 323. Within 20 days after the public hearing on a
5 development or tax increment financing plan, the council, if
6 established, shall notify the governing body, in writing, of its
7 findings and recommendations concerning a proposed development
8 plan.

9 Sec. 324. A development area citizens council may not be
10 required and, if formed, may be dissolved in any of the following
11 situations:

12 (a) On petition of not less than 20% of the adult resident
13 population of the development area by the last federal decennial or
14 municipal census, a governing body, after public hearing with
15 notice given in accordance with section 317 and by a 2/3 vote, may
16 adopt a resolution eliminating the necessity of a council for the
17 development area.

18 (b) If there are less than 18 residents located in the
19 development area eligible to serve on the council.

20 (c) Upon termination of the authority by resolution of the
21 governing body.

22 Sec. 325. (1) The director of the authority shall prepare and
23 submit for the approval of the board a budget for the operation of
24 the authority for the ensuing fiscal year. The budget shall be
25 prepared in the manner and contain the information required of
26 municipal departments. Before the budget may be adopted by the
27 board, it shall be approved by the governing body. Funds of the

1 municipality shall not be included in the budget of the authority
2 except those funds authorized in this part or by the governing
3 body.

4 (2) The governing body may assess a reasonable pro rata share
5 of the funds for the cost of handling and auditing the funds
6 against the funds of the authority, other than those committed for
7 designated purposes, which cost shall be paid annually by the board
8 pursuant to an appropriate item in its budget.

9 Sec. 326. (1) A public facility, building, or structure which
10 is determined by the municipality to have significant historical
11 interests shall be preserved in a manner as considered necessary by
12 the municipality in accordance with laws relative to the
13 preservation of historical sites.

14 (2) An authority shall refer all proposed changes to the
15 exterior of sites listed on the state register of historic sites
16 and the national register of historic places to the applicable
17 historic district commission created under the local historic
18 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
19 state housing development authority for review.

20 Sec. 327. An authority which has completed the purposes for
21 which it was organized shall be dissolved by resolution of the
22 governing body. The property and assets of the authority remaining
23 after the satisfaction of the obligations of the authority shall
24 belong to the municipality.

25 Sec. 328. Notwithstanding the limitation provided by section
26 302(1) on having more than 1 authority, if an authority district is
27 part of an area annexed to or consolidated with another

municipality, the authority managing that authority district shall become an authority of the annexing or consolidated municipality. All obligations of that authority incurred pursuant to development plans or tax increment plans, all agreements related to the plans, and bonds issued pursuant to this part shall remain in effect following the annexation or consolidation.

Sec. 329. (1) Beginning January 1, 1987, a new authority or authority district shall not be created and the boundaries of an authority district shall not be expanded to include additional land.

(2) A tax increment finance authority, authority district, development area, development plan, or tax increment financing plan established under this part before December 30, 1986 shall not be invalidated pursuant to a claim that based on the standards set forth in section 303(1), a governing body improperly determined that the necessary conditions existed for the establishment of a tax increment financing authority under this part, if, at the time the governing body established the authority, the governing body could have determined that establishment of an authority under this part would serve to create jobs or promote economic development growth.

(3) A development area created or expanded after December 29, 1986 shall be subject to the requirements of section 303(1).

PART 4

Sec. 401. (1) The legislature finds all of the following:

(a) That there exists in this state conditions of unemployment, underemployment, and joblessness detrimental to the

1 state economy and the economic growth of the state economy.

2 (b) That government programs are desirable and necessary to
3 eliminate the causes of unemployment, underemployment, and
4 joblessness therefore benefiting the economic growth of the state.

5 (c) That it is appropriate to finance these government
6 programs by means available to the state and local units of
7 government, including tax increment financing.

8 (d) That tax increment financing is a government financing
9 program which contributes to economic growth and development by
10 dedicating a portion of the tax base resulting from the economic
11 growth and development to certain public facilities and structures
12 or improvements of the type designed and dedicated to public use
13 and thereby facilitate certain projects which create economic
14 growth and development.

15 (e) That it is necessary for the legislature to exercise the
16 sovereign power to legislate tax increment financing as authorized
17 in this part and in the exercise of this sovereign power to mandate
18 the transfer of tax increment revenues by city, village, township,
19 school district, and county treasurers to authorities created under
20 this part in order to effectuate the legislated government programs
21 to eliminate the conditions of unemployment, underemployment, and
22 joblessness and to promote state economic growth.

23 (f) That the creation of jobs and the promotion of economic
24 growth in the state are essential governmental functions and
25 constitute essential public purposes.

26 (g) That the creation of jobs and the promotion of economic
27 growth stabilize and strengthen the tax bases upon which local

1 units of government rely and that government programs to eliminate
2 causes of unemployment, underemployment, and joblessness benefit
3 local units of government and are for the use of those local units
4 of government.

5 (h) That the provisions of this part are enacted to provide a
6 means for local units of government to eliminate the conditions of
7 unemployment, underemployment, and joblessness and to promote
8 economic growth in the communities served by these local units of
9 government.

10 (2) This part shall be known and may be cited as "the local
11 development financing part".

12 Sec. 402. As used in this part:

13 (a) "Advance" means a transfer of funds made by a municipality
14 to an authority or to another person on behalf of the authority in
15 anticipation of repayment by the authority. Evidence of the intent
16 to repay an advance may include, but is not limited to, an executed
17 agreement to repay, provisions contained in a tax increment
18 financing plan approved prior to the advance, or a resolution of
19 the authority or the municipality.

20 (b) "Alternative energy technology" means equipment, component
21 parts, materials, electronic devices, testing equipment, and
22 related systems that are specifically designed, specifically
23 fabricated, and used primarily for 1 or more of the following:

24 (i) The storage, generation, reformation, or distribution of
25 clean fuels integrated within an alternative energy system or
26 alternative energy vehicle, not including an anaerobic digester
27 energy system or a hydroelectric energy system, for use within the

1 alternative energy system or alternative energy vehicle.

2 (ii) The process of generating and putting into a usable form
3 the energy generated by an alternative energy system. Alternative
4 energy technology does not include those component parts of an
5 alternative energy system that are required regardless of the
6 energy source.

7 (iii) Research and development of an alternative energy
8 vehicle.

9 (iv) Research, development, and manufacturing of an
10 alternative energy system.

11 (v) Research, development, and manufacturing of an anaerobic
12 digester energy system.

13 (vi) Research, development, and manufacturing of a
14 hydroelectric energy system.

15 (c) "Alternative energy technology business" means a business
16 engaged in the research, development, or manufacturing of
17 alternative energy technology or a business located in an authority
18 district that includes a military installation that was operated by
19 the United States Department of Defense and closed after 1980.

20 (d) "Assessed value" means 1 of the following:

21 (i) For valuations made before January 1, 1995, the state
22 equalized valuation as determined under the general property tax
23 act, 1893 PA 206, MCL 211.1 to 211.155.

24 (ii) For valuations made after December 31, 1994, the taxable
25 value as determined under section 27a of the general property tax
26 act, 1893 PA 206, MCL 211.27a.

27 (e) "Authority" means a local development finance authority

1 created pursuant to this part.

2 (f) "Authority district" means an area or areas within which
3 an authority exercises its powers.

4 (g) "Board" means the governing body of an authority.

5 (h) "Business development area" means an area designated as a
6 certified industrial park under this part prior to June 29, 2000,
7 or an area designated in the tax increment financing plan that
8 meets all of the following requirements:

9 (i) The area is zoned to allow its use for eligible property.

10 (ii) The area has a site plan or plat approved by the city,
11 village, or township in which the area is located.

12 (i) "Business incubator" means real and personal property that
13 meets all of the following requirements:

14 (i) Is located in a certified technology park or a certified
15 alternative energy park.

16 (ii) Is subject to an agreement under section 412a or 412c.

17 (iii) Is developed for the primary purpose of attracting 1 or
18 more owners or tenants who will engage in activities that would
19 each separately qualify the property as eligible property under
20 subdivision (s) (iii) .

21 (j) "Captured assessed value" means the amount in any 1 year
22 by which the current assessed value of the eligible property
23 identified in the tax increment financing plan or, for a certified
24 technology park, a certified alternative energy park, or a next
25 Michigan development area, the real and personal property included
26 in the tax increment financing plan, including the current assessed
27 value of property for which specific local taxes are paid in lieu

1 of property taxes as determined pursuant to subdivision (hh),
2 exceeds the initial assessed value. The state tax commission shall
3 prescribe the method for calculating captured assessed value.
4 Except as otherwise provided in this act, tax abated property in a
5 renaissance zone as defined under section 3 of the Michigan
6 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded
7 from the calculation of captured assessed value to the extent that
8 the property is exempt from ad valorem property taxes or specific
9 local taxes.

10 (k) "Certified alternative energy park" means that portion of
11 an authority district designated by a written agreement entered
12 into pursuant to section 412c between the authority, the
13 municipality or municipalities, and the Michigan economic
14 development corporation.

15 (l) "Certified business park" means a business development
16 area that has been designated by the Michigan economic development
17 corporation as meeting criteria established by the Michigan
18 economic development corporation. The criteria shall establish
19 standards for business development areas including, but not limited
20 to, use, types of building materials, landscaping, setbacks,
21 parking, storage areas, and management.

22 (m) "Certified technology park" means that portion of the
23 authority district designated by a written agreement entered into
24 pursuant to section 412a between the authority, the municipality,
25 and the Michigan economic development corporation.

26 (n) "Chief executive officer" means the mayor or city manager
27 of a city, the president of a village, or, for other local units of

1 government or school districts, the person charged by law with the
2 supervision of the functions of the local unit of government or
3 school district.

4 (o) "Development plan" means that information and those
5 requirements for a development set forth in section 415.

6 (p) "Development program" means the implementation of a
7 development plan.

8 (q) "Eligible advance" means an advance made before August 19,
9 1993.

10 (r) "Eligible obligation" means an obligation issued or
11 incurred by an authority or by a municipality on behalf of an
12 authority before August 19, 1993 and its subsequent refunding by a
13 qualified refunding obligation. Eligible obligation includes an
14 authority's written agreement entered into before August 19, 1993
15 to pay an obligation issued after August 18, 1993 and before
16 December 31, 1996 by another entity on behalf of the authority.

17 (s) "Eligible property" means land improvements, buildings,
18 structures, and other real property, and machinery, equipment,
19 furniture, and fixtures, or any part or accessory thereof whether
20 completed or in the process of construction comprising an
21 integrated whole, located within an authority district, of which
22 the primary purpose and use is or will be 1 of the following:

23 (i) The manufacture of goods or materials or the processing of
24 goods or materials by physical or chemical change.

25 (ii) Agricultural processing.

26 (iii) A high technology activity.

27 (iv) The production of energy by the processing of goods or

1 materials by physical or chemical change by a small power
2 production facility as defined by the Federal Energy Regulatory
3 Commission pursuant to the public utility regulatory policies act
4 of 1978, Public Law 95-617, which facility is fueled primarily by
5 biomass or wood waste. This part does not affect a person's rights
6 or liabilities under law with respect to groundwater contamination
7 described in this subparagraph. This subparagraph applies only if
8 all of the following requirements are met:

9 (A) Tax increment revenues captured from the eligible property
10 will be used to finance, or will be pledged for debt service on tax
11 increment bonds used to finance, a public facility in or near the
12 authority district designed to reduce, eliminate, or prevent the
13 spread of identified soil and groundwater contamination, pursuant
14 to law.

15 (B) The board of the authority exercising powers within the
16 authority district where the eligible property is located adopted
17 an initial tax increment financing plan between January 1, 1991 and
18 May 1, 1991.

19 (C) The municipality that created the authority establishes a
20 special assessment district whereby not less than 50% of the
21 operating expenses of the public facility described in this
22 subparagraph will be paid for by special assessments. Not less than
23 50% of the amount specially assessed against all parcels in the
24 special assessment district shall be assessed against parcels owned
25 by parties potentially responsible for the identified groundwater
26 contamination pursuant to law.

27 (v) A business incubator.

1 (vi) An alternative energy technology business.

2 (vii) A transit-oriented facility.

3 (viii) A transit-oriented development.

4 (ix) An eligible next Michigan business, as that term is
5 defined in section 3 of the Michigan economic growth authority act,
6 1995 PA 24, MCL 207.803, and other businesses within a next
7 Michigan development area, but only to the extent designated as
8 eligible property within a development plan approved by a next
9 Michigan development corporation.

10 (t) "Fiscal year" means the fiscal year of the authority.

11 (u) "Governing body" means, except as otherwise provided in
12 this subdivision, the elected body having legislative powers of a
13 municipality creating an authority under this act. For a next
14 Michigan development corporation, governing body means the
15 executive committee of the next Michigan development corporation,
16 unless otherwise provided in the interlocal agreement or articles
17 of incorporation creating the next Michigan development corporation
18 or the governing body of an eligible urban entity or its designee
19 as provided in the next Michigan development act, 2010 PA 275, MCL
20 125.2951 to 125.2959.

21 (v) "High-technology activity" means that term as defined in
22 section 3 of the Michigan economic growth authority act, 1995 PA
23 24, MCL 207.803.

24 (w) "Initial assessed value" means the assessed value of the
25 eligible property identified in the tax increment financing plan
26 or, for a certified technology park, a certified alternative energy
27 park, or a next Michigan development area, the assessed value of

1 any real and personal property included in the tax increment
2 financing plan, at the time the resolution establishing the tax
3 increment financing plan is approved as shown by the most recent
4 assessment roll for which equalization has been completed at the
5 time the resolution is adopted or, for property that becomes
6 eligible property in other than a certified technology park or a
7 certified alternative energy park after the date the plan is
8 approved, at the time the property becomes eligible property.
9 Property exempt from taxation at the time of the determination of
10 the initial assessed value shall be included as zero. Property for
11 which a specific local tax is paid in lieu of property tax shall
12 not be considered exempt from taxation. The initial assessed value
13 of property for which a specific local tax was paid in lieu of
14 property tax shall be determined as provided in subdivision (hh).

15 (x) "Michigan economic development corporation" means the
16 public body corporate created under section 28 of article VII of
17 the state constitution of 1963 and the urban cooperation act of
18 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
19 interlocal agreement effective April 5, 1999 between local
20 participating economic development corporations formed under the
21 economic development corporations act, 1974 PA 338, MCL 125.1601 to
22 125.1636, and the Michigan strategic fund. If the Michigan economic
23 development corporation is unable for any reason to perform its
24 duties under this act, those duties may be exercised by the
25 Michigan strategic fund.

26 (y) "Michigan strategic fund" means the Michigan strategic
27 fund as described in the Michigan strategic fund act, 1984 PA 270,

1 MCL 125.2001 to 125.2094.

2 (z) "Municipality" means a city, village, or urban township.
3 However, for purposes of creating and operating a certified
4 alternative energy park or a certified technology park,
5 municipality includes townships that are not urban townships.

6 (aa) "Next Michigan development area" means a portion of an
7 authority district designated by a next Michigan development
8 corporation under section 412e to which a development plan is
9 applicable.

10 (bb) "Next Michigan development corporation" means that term
11 as defined in section 3 of the next Michigan development act, 2010
12 PA 275, MCL 125.2953.

13 (cc) "Obligation" means a written promise to pay, whether
14 evidenced by a contract, agreement, lease, sublease, bond, or note,
15 or a requirement to pay imposed by law. An obligation does not
16 include a payment required solely because of default upon an
17 obligation, employee salaries, or consideration paid for the use of
18 municipal offices. An obligation does not include those bonds that
19 have been economically defeased by refunding bonds issued under
20 this act. Obligation includes, but is not limited to, the
21 following:

22 (i) A requirement to pay proceeds derived from ad valorem
23 property taxes or taxes levied in lieu of ad valorem property
24 taxes.

25 (ii) A management contract or a contract for professional
26 services.

27 (iii) A payment required on a contract, agreement, bond, or

1 note if the requirement to make or assume the payment arose before
2 August 19, 1993.

3 (iv) A requirement to pay or reimburse a person for the cost
4 of insurance for, or to maintain, property subject to a lease, land
5 contract, purchase agreement, or other agreement.

6 (v) A letter of credit, paying agent, transfer agent, bond
7 registrar, or trustee fee associated with a contract, agreement,
8 bond, or note.

9 (dd) "On behalf of an authority", in relation to an eligible
10 advance made by a municipality or an eligible obligation or other
11 protected obligation issued or incurred by a municipality, means in
12 anticipation that an authority would transfer tax increment
13 revenues or reimburse the municipality from tax increment revenues
14 in an amount sufficient to fully make payment required by the
15 eligible advance made by a municipality, or eligible obligation or
16 other protected obligation issued or incurred by the municipality,
17 if the anticipation of the transfer or receipt of tax increment
18 revenues from the authority is pursuant to or evidenced by 1 or
19 more of the following:

20 (i) A reimbursement agreement between the municipality and an
21 authority it established.

22 (ii) A requirement imposed by law that the authority transfer
23 tax increment revenues to the municipality.

24 (iii) A resolution of the authority agreeing to make payments
25 to the incorporating unit.

26 (iv) Provisions in a tax increment financing plan describing
27 the project for which the obligation was incurred.

(ee) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii) or (iii), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

(ii) An obligation issued or incurred by an authority or by a municipality on behalf of an authority after August 19, 1993, but before December 31, 1994, to finance a project described in a tax increment finance plan approved by the municipality in accordance with this part before August 19, 1993, for which a contract for final design is entered into by the municipality or authority before March 1, 1994.

(iii) An obligation incurred by an authority or municipality after August 19, 1993, to reimburse a party to a development agreement entered into by a municipality or authority before August 19, 1993, for a project described in a tax increment financing plan approved in accordance with this part before August 19, 1993, and undertaken and installed by that party in accordance with the development agreement.

(iv) An ongoing management or professional services contract with the governing body of a county that was entered into before March 1, 1994 and that was preceded by a series of limited term management or professional services contracts with the governing body of the county, the last of which was entered into before August 19, 1993.

(ff) "Public facility" means 1 or more of the following:

1 (i) A street, road, bridge, storm water or sanitary sewer,
2 sewage treatment facility, facility designed to reduce, eliminate,
3 or prevent the spread of identified soil or groundwater
4 contamination, drainage system, retention basin, pretreatment
5 facility, waterway, waterline, water storage facility, rail line,
6 electric, gas, telephone or other communications, or any other type
7 of utility line or pipeline, transit-oriented facility, transit-
8 oriented development, or other similar or related structure or
9 improvement, together with necessary easements for the structure or
10 improvement. Except for rail lines, utility lines, or pipelines,
11 the structures or improvements described in this subparagraph shall
12 be either owned or used by a public agency, functionally connected
13 to similar or supporting facilities owned or used by a public
14 agency, or designed and dedicated to use by, for the benefit of, or
15 for the protection of the health, welfare, or safety of the public
16 generally, whether or not used by a single business entity. Any
17 road, street, or bridge shall be continuously open to public
18 access. A public facility shall be located on public property or in
19 a public, utility, or transportation easement or right-of-way.

20 (ii) The acquisition and disposal of land that is proposed or
21 intended to be used in the development of eligible property or an
22 interest in that land, demolition of structures, site preparation,
23 and relocation costs.

24 (iii) All administrative and real and personal property
25 acquisition and disposal costs related to a public facility
26 described in subparagraphs (i) and (iv), including, but not limited
27 to, architect's, engineer's, legal, and accounting fees as

1 permitted by the district's development plan.

2 (iv) An improvement to a facility used by the public or a
3 public facility as those terms are defined in section 1 of 1966 PA
4 1, MCL 125.1351, which improvement is made to comply with the
5 barrier free design requirements of the state construction code
6 promulgated under the Stille-DeRossett-Hale single state
7 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

8 (v) All of the following costs approved by the Michigan
9 economic development corporation:

10 (A) Operational costs and the costs related to the
11 acquisition, improvement, preparation, demolition, disposal,
12 construction, reconstruction, remediation, rehabilitation,
13 restoration, preservation, maintenance, repair, furnishing, and
14 equipping of land and other assets that are or may become eligible
15 for depreciation under the internal revenue code of 1986 for a
16 business incubator located in a certified technology park or
17 certified alternative energy park.

18 (B) Costs related to the acquisition, improvement,
19 preparation, demolition, disposal, construction, reconstruction,
20 remediation, rehabilitation, restoration, preservation,
21 maintenance, repair, furnishing, and equipping of land and other
22 assets that, if privately owned, would be eligible for depreciation
23 under the internal revenue code of 1986 for laboratory facilities,
24 research and development facilities, conference facilities,
25 teleconference facilities, testing, training facilities, and
26 quality control facilities that are or that support eligible
27 property under subdivision (s) (iii), that are owned by a public

1 entity, and that are located within a certified technology park.

2 (C) Costs related to the acquisition, improvement,
3 preparation, demolition, disposal, construction, reconstruction,
4 remediation, rehabilitation, restoration, preservation,
5 maintenance, repair, furnishing, and equipping of land and other
6 assets that, if privately owned, would be eligible for depreciation
7 under the internal revenue code of 1986 for facilities that are or
8 that will support eligible property under subdivision (s)(vi), that
9 have been or will be owned by a public entity at the time such
10 costs are incurred, that are located within a certified alternative
11 energy park, and that have been or will be conveyed, by gift or
12 sale, by such public entity to an alternative energy technology
13 business.

14 (vi) Operating and planning costs included in a plan pursuant
15 to section 412(1)(f), including costs of marketing property within
16 the district and attracting development of eligible property within
17 the district.

18 (gg) "Qualified refunding obligation" means an obligation
19 issued or incurred by an authority or by a municipality on behalf
20 of an authority to refund an obligation if the refunding obligation
21 meets both of the following:

22 (i) The net present value of the principal and interest to be
23 paid on the refunding obligation, including the cost of issuance,
24 will be less than the net present value of the principal and
25 interest to be paid on the obligation being refunded, as calculated
26 using a method approved by the department of treasury.

27 (ii) The net present value of the sum of the tax increment

1 revenues described in subdivision (jj) (ii) and the distributions
2 under section 411a to repay the refunding obligation will not be
3 greater than the net present value of the sum of the tax increment
4 revenues described in subdivision (jj) (ii) and the distributions
5 under section 411a to repay the obligation being refunded, as
6 calculated using a method approved by the department of treasury.

7 (hh) "Specific local taxes" means a tax levied under 1974 PA
8 198, MCL 207.551 to 207.572, the obsolete property rehabilitation
9 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial
10 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the
11 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA
12 189, MCL 211.181 to 211.182, and the technology park development
13 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed
14 value or current assessed value of property subject to a specific
15 local tax is the quotient of the specific local tax paid divided by
16 the ad valorem millage rate. However, after 1993, the state tax
17 commission shall prescribe the method for calculating the initial
18 assessed value and current assessed value of property for which a
19 specific local tax was paid in lieu of a property tax.

20 (ii) "State fiscal year" means the annual period commencing
21 October 1 of each year.

22 (jj) "Tax increment revenues" means the amount of ad valorem
23 property taxes and specific local taxes attributable to the
24 application of the levy of all taxing jurisdictions upon the
25 captured assessed value of eligible property within the district
26 or, for purposes of a certified technology park, a next Michigan
27 development area, or a certified alternative energy park, real or

1 personal property that is located within the certified technology
2 park, a next Michigan development area, or a certified alternative
3 energy park and included within the tax increment financing plan,
4 subject to the following requirements:

5 (i) Tax increment revenues include ad valorem property taxes
6 and specific local taxes attributable to the application of the
7 levy of all taxing jurisdictions, other than the state pursuant to
8 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
9 and local or intermediate school districts, upon the captured
10 assessed value of real and personal property in the development
11 area for any purpose authorized by this part.

12 (ii) Tax increment revenues include ad valorem property taxes
13 and specific local taxes attributable to the application of the
14 levy of the state pursuant to the state education tax act, 1993 PA
15 331, MCL 211.901 to 211.906, and local or intermediate school
16 districts upon the captured assessed value of real and personal
17 property in the development area in an amount equal to the amount
18 necessary, without regard to subparagraph (i), for the following
19 purposes:

20 (A) To repay eligible advances, eligible obligations, and
21 other protected obligations.

22 (B) To fund or to repay an advance or obligation issued by or
23 on behalf of an authority to fund the cost of public facilities
24 related to or for the benefit of eligible property located within a
25 certified technology park or a certified alternative energy park to
26 the extent the public facilities have been included in an agreement
27 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as

1 determined by the state treasurer, of the amounts levied by the
2 state pursuant to the state education tax act, 1993 PA 331, MCL
3 211.901 to 211.906, and local and intermediate school districts for
4 a period, except as otherwise provided in this sub-subparagraph,
5 not to exceed 15 years, as determined by the state treasurer, if
6 the state treasurer determines that the capture under this sub-
7 subparagraph is necessary to reduce unemployment, promote economic
8 growth, and increase capital investment in the municipality.

9 However, upon approval of the state treasurer and the president of
10 the Michigan economic development corporation, a certified
11 technology park may capture under this sub-subparagraph for an
12 additional period of 5 years if the authority agrees to additional
13 reporting requirements and modifies its tax increment financing
14 plan to include regional collaboration as determined by the state
15 treasurer and the president of the Michigan economic development
16 corporation. In addition, upon approval of the state treasurer and
17 the president of the Michigan economic development corporation, if
18 a municipality that has created a certified technology park that
19 has entered into an agreement with another authority that does not
20 contain a certified technology park to designate a distinct
21 geographic area under section 412b, that authority that has created
22 the certified technology park and the associated distinct
23 geographic area may both capture under this sub-subparagraph for an
24 additional period of 15 years as determined by the state treasurer
25 and the president of the Michigan economic development corporation.

26 (C) To fund the cost of public facilities related to or for
27 the benefit of eligible property located within a next Michigan

1 development area to the extent that the public facilities have been
2 included in a development plan, not to exceed 50%, as determined by
3 the state treasurer, of the amounts levied by the state pursuant to
4 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
5 and local and intermediate school districts for a period not to
6 exceed 15 years, as determined by the state treasurer, if the state
7 treasurer determines that the capture under this sub-subparagraph
8 is necessary to reduce unemployment, promote economic growth, and
9 increase capital investment in the authority district.

10 (iii) Tax increment revenues do not include any of the
11 following:

12 (A) Ad valorem property taxes or specific local taxes that are
13 excluded from and not made part of the tax increment financing
14 plan. Ad valorem personal property taxes or specific local taxes
15 associated with personal property may be excluded from and may not
16 be part of the tax increment financing plan.

17 (B) Ad valorem property taxes and specific local taxes
18 attributable to ad valorem property taxes excluded by the tax
19 increment financing plan of the authority from the determination of
20 the amount of tax increment revenues to be transmitted to the
21 authority.

22 (C) Ad valorem property taxes exempted from capture under
23 section 404(3) or specific local taxes attributable to such ad
24 valorem property taxes.

25 (D) Ad valorem property taxes specifically levied for the
26 payment of principal and interest of obligations approved by the
27 electors or obligations pledging the unlimited taxing power of the

1 local governmental unit or specific local taxes attributable to
2 such ad valorem property taxes.

3 (E) The amount of ad valorem property taxes or specific taxes
4 captured by a downtown development authority under part 2, tax
5 increment financing authority under part 3, or brownfield
6 redevelopment authority under the brownfield redevelopment
7 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if those
8 taxes were captured by these other authorities on the date that the
9 initial assessed value of a parcel of property was established
10 under this part.

11 (F) Ad valorem property taxes levied under 1 or more of the
12 following or specific local taxes attributable to those ad valorem
13 property taxes:

14 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
15 to 123.1183.

16 (II) The art institute authorities act, 2010 PA 296, MCL
17 123.1201 to 123.1229.

18 (iv) The amount of tax increment revenues authorized to be
19 included under subparagraph (ii), and required to be transmitted to
20 the authority under section 413(1), from ad valorem property taxes
21 and specific local taxes attributable to the application of the
22 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
23 211.906, or a local school district or an intermediate school
24 district upon the captured assessed value of real and personal
25 property in a development area shall be determined separately for
26 the levy by the state, each school district, and each intermediate
27 school district as the product of sub-subparagraphs (A) and (B):

1 (A) The percentage that the total ad valorem taxes and
2 specific local taxes available for distribution by law to the
3 state, local school district, or intermediate school district,
4 respectively, bears to the aggregate amount of ad valorem millage
5 taxes and specific taxes available for distribution by law to the
6 state, each local school district, and each intermediate school
7 district.

8 (B) The maximum amount of ad valorem property taxes and
9 specific local taxes considered tax increment revenues under
10 subparagraph (ii).

11 (kk) "Transit-oriented development" means infrastructure
12 improvements that are located within 1/2 mile of a transit station
13 or transit-oriented facility that promotes transit ridership or
14 passenger rail use as determined by the board and approved by the
15 municipality in which it is located.

16 (ll) "Transit-oriented facility" means a facility that houses
17 a transit station in a manner that promotes transit ridership or
18 passenger rail use.

19 (mm) "Urban township" means a township that meets 1 or more of
20 the following:

21 (i) Meets all of the following requirements:

22 (A) Has a population of 20,000 or more, or has a population of
23 10,000 or more but is located in a county with a population of
24 400,000 or more.

25 (B) Adopted a master zoning plan before February 1, 1987.

26 (C) Provides sewer, water, and other public services to all or
27 a part of the township.

1 (ii) Meets all of the following requirements:

2 (A) Has a population of less than 20,000.

3 (B) Is located in a county with a population of 250,000 or
4 more but less than 400,000, and that county is located in a
5 metropolitan statistical area.

6 (C) Has within its boundaries a parcel of property under
7 common ownership that is 800 acres or larger and is capable of
8 being served by a railroad, and located within 3 miles of a limited
9 access highway.

10 (D) Establishes an authority before December 31, 1998.

11 (iii) Meets all of the following requirements:

12 (A) Has a population of less than 20,000.

13 (B) Has a state equalized valuation for all real and personal
14 property located in the township of more than \$200,000,000.00.

15 (C) Adopted a master zoning plan before February 1, 1987.

16 (D) Is a charter township under the charter township act, 1947
17 PA 359, MCL 42.1 to 42.34.

18 (E) Has within its boundaries a combination of parcels under
19 common ownership that is 800 acres or larger, is immediately
20 adjacent to a limited access highway, is capable of being served by
21 a railroad, and is immediately adjacent to an existing sewer line.

22 (F) Establishes an authority before March 1, 1999.

23 (iv) Meets all of the following requirements:

24 (A) Has a population of 13,000 or more.

25 (B) Is located in a county with a population of 150,000 or
26 more.

27 (C) Adopted a master zoning plan before February 1, 1987.

1 (v) Meets all of the following requirements:

2 (A) Is located in a county with a population of 1,000,000 or
3 more.

4 (B) Has a written agreement with an adjoining township to
5 develop 1 or more public facilities on contiguous property located
6 in both townships.

7 (C) Has a master plan in effect.

8 (vi) Meets all of the following requirements:

9 (A) Has a population of less than 10,000.

10 (B) Has a state equalized valuation for all real and personal
11 property located in the township of more than \$280,000,000.00.

12 (C) Adopted a master zoning plan before February 1, 1987.

13 (D) Has within its boundaries a combination of parcels under
14 common ownership that is 199 acres or larger, is located within 1
15 mile of a limited access highway, and is located within 1 mile of
16 an existing sewer line.

17 (E) Has rail service.

18 (F) Establishes an authority before May 7, 2009.

19 (vii) Has joined an authority under section 403(2) which is
20 seeking or has entered into an agreement for a certified technology
21 park.

22 (viii) Has established an authority which is seeking or has
23 entered into an agreement for a certified alternative energy park.

24 Sec. 403. (1) Except as otherwise provided by subsection (2),
25 a municipality may establish not more than 1 authority under the
26 provisions of this part. An authority established under this
27 subsection shall exercise its powers in all authority districts.

1 (2) In addition to an authority established under subsection
2 (1), a municipality may join with 1 or more other municipalities
3 located within the same county to establish an authority under this
4 part. An authority created under this subsection may only exercise
5 its powers in a certified technology park designated in an
6 agreement made under section 412a or 412b or in a certified
7 alternative energy park designated in an agreement under section
8 412c. A municipality shall not establish more than 1 authority
9 under this subsection.

10 (3) A next Michigan development corporation may establish not
11 more than 1 authority under the provisions of this part. An
12 authority established under this subsection shall exercise its
13 powers within its authority district and in all next Michigan
14 development areas. The authority district in which the authority
15 may exercise its powers shall include all or part of the territory
16 of a next Michigan development corporation, as determined by the
17 governing body of the next Michigan development corporation.

18 (4) The authority shall be a public body corporate which may
19 sue and be sued in any court of this state. The authority possesses
20 all the powers necessary to carry out the purpose of its
21 incorporation. The enumeration of a power in this part shall not be
22 construed as a limitation upon the general powers of the authority.
23 The powers granted in this part to an authority may be exercised
24 notwithstanding that bonds are not issued by the authority.

25 Sec. 404. (1) The governing body of a municipality may declare
26 by resolution adopted by a majority of its members elected and
27 serving its intention to create and provide for the operation of an

1 authority.

2 (2) In the resolution of intent, the governing body proposing
3 to create the authority shall set a date for holding a public
4 hearing on the adoption of a proposed resolution creating the
5 authority and designating the boundaries of the authority district
6 or districts. Notice of the public hearing shall be published twice
7 in a newspaper of general circulation in the municipality, not less
8 than 20 nor more than 40 days before the date of the hearing.
9 Except as otherwise provided in subsection (8), not less than 20
10 days before the hearing, the governing body proposing to create the
11 authority shall also mail notice of the hearing to the property
12 taxpayers of record in a proposed authority district and, for a
13 public hearing to be held after February 15, 1994, to the governing
14 body of each taxing jurisdiction levying taxes that would be
15 subject to capture if the authority is established and a tax
16 increment financing plan is approved. Beginning June 1, 2005, the
17 notice of hearing within the time frame described in this
18 subsection shall be mailed by certified mail to the governing body
19 of each taxing jurisdiction levying taxes that would be subject to
20 capture if the authority is established and a tax increment
21 financing plan is approved. Failure of a property taxpayer to
22 receive the notice shall not invalidate these proceedings. The
23 notice shall state the date, time, and place of the hearing, and
24 shall describe the boundaries of the proposed authority district or
25 districts. At that hearing, a resident, taxpayer, or property owner
26 from a taxing jurisdiction in which the proposed district is
27 located or an official from a taxing jurisdiction with millage that

1 would be subject to capture has the right to be heard in regard to
2 the establishment of the authority and the boundaries of that
3 proposed authority district. The governing body of the municipality
4 in which a proposed district is to be located shall not incorporate
5 land into an authority district not included in the description
6 contained in the notice of public hearing, but it may eliminate
7 lands described in the notice of public hearing from an authority
8 district in the final determination of the boundaries.

9 (3) Except as otherwise provided in subsection (8), not more
10 than 60 days after a public hearing held after February 15, 1994,
11 the governing body of a taxing jurisdiction with millage that would
12 otherwise be subject to capture may exempt its taxes from capture
13 by adopting a resolution to that effect and filing a copy with the
14 clerk of the municipality proposing to create the authority.
15 However, a resolution by a governing body of a taxing jurisdiction
16 to exempt its taxes from capture is not effective for the capture
17 of taxes that are used for a certified technology park or a
18 certified alternative energy park. The resolution takes effect when
19 filed with that clerk and remains effective until a copy of a
20 resolution rescinding that resolution is filed with that clerk.

21 (4) Except as otherwise provided in subsection (8), not less
22 than 60 days after the public hearing or a shorter period as
23 determined by the governing body for a certified technology park or
24 a certified alternative energy park, if the governing body creating
25 the authority intends to proceed with the establishment of the
26 authority, it shall adopt, by majority vote of its members elected
27 and serving, a resolution establishing the authority and

1 designating the boundaries of the authority district or districts
2 within which the authority shall exercise its powers. The adoption
3 of the resolution is subject to any applicable statutory or charter
4 provisions with respect to the approval or disapproval of
5 resolutions by the chief executive officer of the municipality and
6 the adoption of a resolution over his or her veto. This resolution
7 shall be filed with the secretary of state promptly after its
8 adoption and shall be published at least once in a newspaper of
9 general circulation in the municipality.

10 (5) The governing body may alter or amend the boundaries of an
11 authority district to include or exclude lands from that authority
12 district or create new authority districts pursuant to the same
13 requirements prescribed for adopting the resolution creating the
14 authority.

15 (6) The validity of the proceedings establishing an authority
16 shall be conclusive unless contested in a court of competent
17 jurisdiction within 60 days after the last of the following takes
18 place:

19 (a) Publication of the resolution creating the authority as
20 adopted.

21 (b) Filing of the resolution creating the authority with the
22 secretary of state.

23 (7) Except as otherwise provided by this subsection, if 2 or
24 more municipalities desire to establish an authority under section
25 403(2), each municipality in which the authority district will be
26 located shall comply with the procedures prescribed by this part.
27 The notice required by subsection (2) may be published jointly by

1 the municipalities establishing the authority. The resolutions
2 establishing the authority shall include, or shall approve an
3 agreement including, provisions governing the number of members on
4 the board, the method of appointment, the members to be represented
5 by governmental units or agencies, the terms of initial and
6 subsequent appointments to the board, the manner in which a member
7 of the board may be removed for cause before the expiration of his
8 or her term, the manner in which the authority may be dissolved,
9 and the disposition of assets upon dissolution. An authority
10 described in this subsection shall not be considered established
11 unless all of the following conditions are satisfied:

12 (a) A resolution is approved and filed with the secretary of
13 state by each municipality in which the authority district will be
14 located.

15 (b) The same boundaries have been approved for the authority
16 district by the governing body of each municipality in which the
17 authority district will be located.

18 (c) The governing body of the county in which a majority of
19 the authority district will be located has approved by resolution
20 the creation of the authority.

21 (8) For an authority created under section 403(3), except as
22 otherwise provided by this subsection, the next Michigan
23 development corporation shall comply with the procedures prescribed
24 for a municipality by subsections (1) and (2) and this subsection.
25 The provisions of subsections (3) and (4) shall not apply to an
26 authority exercising its powers under section 403(3). The notice
27 required by subsection (2) may be published by the next Michigan

1 development corporation in a newspaper or newspapers of general
2 circulation within the municipalities which are constituent members
3 of the next Michigan development corporation, and notice shall not
4 be required to be mailed to the property taxpayers of record in the
5 proposed authority district. The governing body of the next
6 Michigan development corporation shall be the governing body of the
7 authority. A taxing jurisdiction levying ad valorem taxes within
8 the authority district that would otherwise be subject to capture
9 which is not a party to the intergovernmental agreement may exempt
10 its taxes from capture by adopting a resolution to that effect and
11 filing a copy not more than 60 days after the public hearing with
12 the recording officer of the next Michigan development corporation.
13 The next Michigan development corporation shall mail notice of the
14 public hearing to the governing body of each taxing jurisdiction
15 which is not a party to the intergovernmental agreement not less
16 than 20 days before the hearing. Following the public hearing, the
17 governing body of the next Michigan development corporation shall
18 adopt a resolution designating the boundaries of the authority
19 district within which the authority shall exercise its powers,
20 which may include any certified technology park within the proposed
21 authority district in accordance with this subsection and may
22 include property adjacent to or within 1,500 feet of a road
23 classified as an arterial or collector according to the Federal
24 Highway Administration manual "Highway Functional Classification -
25 Concepts, Criteria and Procedures" or of another road in the
26 discretion of the next Michigan development corporation, and
27 property adjacent to that property within the territory of the next

1 Michigan development corporation, as provided in the resolution.
2 The resolution shall be effective when adopted, shall be filed with
3 the secretary of state and the president of the Michigan strategic
4 fund promptly after its adoption, and shall be published at least
5 once in a newspaper of general circulation in the territory of the
6 next Michigan development corporation. If an authority district
7 designated under this subsection or subsequently amended includes a
8 certified technology park which is within the authority district of
9 another authority and which is subject to an existing development
10 plan or tax increment financing plan, then that certified
11 technology park may be considered to be under the jurisdiction of
12 the authority established under section 403(3) if so provided in a
13 resolution of the authority established under section 403(3) and if
14 approved by resolution of the governing body of the municipality
15 which created the other authority, and by the president of the
16 Michigan strategic fund. If so provided and approved, then the
17 development plan and tax increment financing plan applicable to the
18 certified technology park, including all assets and obligations
19 under the plans, shall be considered assigned and transferred from
20 the other authority to the authority created under section 403(3),
21 and the initial assessed value of the certified technology park
22 prior to the transfer shall remain the initial assessed value of
23 the certified technology park following the transfer. The transfer
24 shall be effective as of the later of the effective date of the
25 resolution of the authority established under section 403(3), the
26 resolution approved by the governing body of the municipality which
27 created the other authority, and the approval of the president of

1 the Michigan strategic fund.

2 Sec. 405. (1) The authority shall be under the supervision and
3 control of a board of 7 members appointed by the chief executive
4 officer of the city, village, or urban township creating the
5 authority subject to the approval of the governing body creating
6 the authority. The board shall include 1 member appointed by the
7 county board of commissioners of the county in which the authority
8 is located. The board shall include 1 member representing a
9 community or junior college in whose district the authority is
10 located appointed by the chief executive officer of that community
11 or junior college. The board shall also include 2 members appointed
12 by the chief executive officer of each local governmental unit,
13 other than the city, village, or urban township creating the
14 authority, which levied 20% or more of the ad valorem property
15 taxes levied against all property located in an authority district
16 in the year before the year in which the authority district is
17 established. However, those additional members shall only vote on
18 matters relating to authority districts located within their
19 respective local unit of government. Of the members first
20 appointed, an equal number, as near as possible, shall have terms
21 designated by the governing body creating the authority of 1 year,
22 2 years, 3 years, and 4 years. However, a member shall hold office
23 until the member's successor is appointed. After the first
24 appointment, each member shall serve for a term of 4 years. An
25 appointment to fill a vacancy shall be made in the same manner as
26 the original appointment. An appointment to fill an unexpired term
27 shall be for the unexpired portion of the term only. Members of the

1 board shall serve without compensation, but shall be reimbursed for
2 actual and necessary expenses.

3 (2) The chairperson of the board shall be elected by the
4 board.

5 (3) Before assuming the duties of office, a member shall
6 qualify by taking and subscribing to the constitutional oath of
7 office.

8 (4) The board shall adopt rules governing its procedure and
9 the holding of regular meetings, subject to the approval of the
10 governing body. Special meetings may be held when called in the
11 manner provided in the rules of the board. Meetings of the board
12 shall be open to the public, in accordance with the open meetings
13 act, 1976 PA 267, MCL 15.261 to 15.275.

14 (5) Subject to notice and an opportunity to be heard, a member
15 of the board may be removed before the expiration of his or her
16 term for cause by the governing body. Removal of a member is
17 subject to review by the circuit court.

18 (6) All expense items of the authority shall be publicized
19 annually and the financial records shall be open to the public
20 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
21 to 15.246.

22 (7) The provisions of subsections (1) and (5) of this section
23 shall not apply to an authority exercising its powers under section
24 403(3).

25 Sec. 406. (1) The board may employ and fix the compensation of
26 a director, subject to the approval of the governing body creating
27 the authority. The director shall serve at the pleasure of the

1 board. A member of the board is not eligible to hold the position
2 of director. Before entering upon the duties of the office, the
3 director shall take and subscribe to the constitutional oath of
4 office and shall furnish bond by posting a bond in the penal sum
5 determined in the resolution establishing the authority. The bond
6 shall be payable to the authority for the use and benefit of the
7 authority, approved by the board, and filed with the clerk of the
8 municipality. The premium on the bond shall be considered an
9 operating expense of the authority, payable from funds available to
10 the authority for expenses of operation. The director shall be the
11 chief executive officer of the authority. Subject to the approval
12 of the board, the director shall supervise and be responsible for
13 the preparation of plans and the performance of the functions of
14 the authority in the manner authorized by this act. The director
15 shall attend the meetings of the board and shall render to the
16 board and to the governing body a regular report covering the
17 activities and financial condition of the authority. If the
18 director is absent or disabled, the board may designate a qualified
19 person as acting director to perform the duties of the office.
20 Before entering upon the duties of the office, the acting director
21 shall take and subscribe to the constitutional oath of office and
22 furnish bond as required of the director. The director shall
23 furnish the board with information or reports governing the
24 operation of the authority as the board requires.

25 (2) The board may appoint or employ and fix the compensation
26 of a treasurer who shall keep the financial records of the
27 authority and who, together with the director, if a director is

1 appointed, shall approve all vouchers for the expenditure of funds
2 of the authority. The treasurer shall perform other duties as may
3 be delegated by the board and shall furnish bond in an amount as
4 prescribed by the board.

5 (3) The board may appoint or employ and fix the compensation
6 of a secretary who shall maintain custody of the official seal and
7 of records, books, documents, or other papers not required to be
8 maintained by the treasurer. The secretary shall attend meetings of
9 the board and keep a record of its proceedings and shall perform
10 other duties as may be delegated by the board.

11 (4) The board may retain legal counsel to advise the board in
12 the proper performance of its duties. The legal counsel may
13 represent the authority in actions brought by or against the
14 authority.

15 (5) The board may employ other personnel considered necessary
16 by the board.

17 (6) The employees of an authority may be eligible to
18 participate in municipal retirement and insurance programs of the
19 municipality as if they were civil service employees on the same
20 basis as civil service employees.

21 Sec. 407. The board may:

22 (a) Study and analyze unemployment, underemployment, and
23 joblessness and the impact of growth upon the authority district or
24 districts.

25 (b) Plan and propose the construction, renovation, repair,
26 remodeling, rehabilitation, restoration, preservation, or
27 reconstruction of a public facility.

1 (c) Develop long-range plans, in cooperation with the agency
2 which is chiefly responsible for planning in the municipality, to
3 promote the growth of the authority district or districts, and take
4 the steps that are necessary to implement the plans to the fullest
5 extent possible to create jobs, and promote economic growth.

6 (d) Implement any plan of development necessary to achieve the
7 purposes of this part in accordance with the powers of the
8 authority as granted by this part.

9 (e) Make and enter into contracts necessary or incidental to
10 the exercise of the board's powers and the performance of its
11 duties.

12 (f) Acquire by purchase or otherwise on terms and conditions
13 and in a manner the authority considers proper, own or lease as
14 lessor or lessee, convey, demolish, relocate, rehabilitate, or
15 otherwise dispose of real or personal property, or rights or
16 interests in that property, which the authority determines is
17 reasonably necessary to achieve the purposes of this part, and to
18 grant or acquire licenses, easements, and options with respect to
19 the property.

20 (g) Improve land, prepare sites for buildings, including the
21 demolition of existing structures, and construct, reconstruct,
22 rehabilitate, restore and preserve, equip, improve, maintain,
23 repair, or operate a building, and any necessary or desirable
24 appurtenances to a building, as provided in section 412(2) for the
25 use, in whole or in part, of a public or private person or
26 corporation, or a combination thereof.

27 (h) Fix, charge, and collect fees, rents, and charges for the

1 use of a building or property or a part of a building or property
2 under the board's control, or a facility in the building or on the
3 property, and pledge the fees, rents, and charges for the payment
4 of revenue bonds issued by the authority.

5 (i) Lease a building or property or part of a building or
6 property under the board's control.

7 (j) Accept grants and donations of property, labor, or other
8 things of value from a public or private source.

9 (k) Acquire and construct public facilities.

10 (l) Incur costs in connection with the performance of the
11 board's authorized functions including, but not limited to,
12 administrative costs, and architects, engineers, legal, and
13 accounting fees.

14 (m) Plan, propose, and implement an improvement to a public
15 facility on eligible property to comply with the barrier free
16 design requirements of the state construction code promulgated
17 under the Stille-DeRossett-Hale single state constitution code act,
18 1972 PA 230, MCL 125.1501 to 125.1531.

19 Sec. 408. The authority shall be considered an instrumentality
20 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
21 to 213.332.

22 Sec. 409. A municipality may take private property under the
23 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
24 213.75, for the purpose of transfer to the authority, and may
25 transfer the property to the authority for use as authorized in the
26 development plan, on terms and conditions it considers appropriate.
27 The taking, transfer, and use shall be considered necessary for

1 public purposes and for the benefit of the public.

2 Sec. 410. The activities of the authority shall be financed
3 from 1 or more of the following sources:

4 (a) Contributions to the authority for the performance of its
5 functions.

6 (b) Revenues from any property, building, or facility owned,
7 leased, licensed, or operated by the authority or under its
8 control, subject to the limitations imposed upon the authority by
9 trusts or other agreements.

10 (c) Tax increment revenues received pursuant to a tax
11 increment financing plan established under sections 412 to 414.

12 (d) Proceeds of tax increment bonds issued pursuant to section
13 414.

14 (e) Proceeds of revenue bonds issued pursuant to section 411.

15 (f) Money obtained from any other legal source approved by the
16 governing body of the municipality or otherwise authorized by law
17 for use by the authority or the municipality to finance a
18 development program.

19 (g) Money obtained pursuant to section 411a.

20 (h) Loans from the Michigan strategic fund or the Michigan
21 economic development corporation.

22 Sec. 411. (1) The authority may borrow money and issue its
23 negotiable revenue bonds pursuant to the revenue bond act of 1933,
24 1933 PA 94, MCL 141.101 to 141.135. Except as provided in
25 subsection (2), revenue bonds issued by the authority shall not be
26 considered a debt of the municipality or of the state.

27 (2) The municipality by a majority vote of the members of its

1 governing body may make a limited tax pledge to support the
2 authority's revenue bonds or, if authorized by the voters of the
3 municipality, may pledge its full faith and credit to support the
4 authority's revenue bonds.

5 Sec. 411a. (1) If the amount of tax increment revenues lost as
6 a result of the reduction of taxes levied by local school districts
7 for school operating purposes required by the millage limitations
8 under section 1211 of the revised school code, 1976 PA 451, MCL
9 380.1211, reduced by the amount of tax increment revenues received
10 from the capture of taxes levied under or attributable to the state
11 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
12 the tax increment revenues received in a fiscal year by an
13 authority under section 413 to be insufficient to repay an eligible
14 advance or to pay an eligible obligation, the legislature shall
15 appropriate and distribute to the authority the amount described in
16 subsection (5).

17 (2) Not less than 30 days before the first day of a fiscal
18 year, an authority eligible to retain tax increment revenues from
19 taxes levied by a local or intermediate school district or this
20 state or to receive a distribution under this section for that
21 fiscal year shall file a claim with the department of treasury. The
22 claim shall include the following information:

23 (a) The property tax millage rates levied in 1993 by local
24 school districts within the jurisdictional area of the authority
25 for school operating purposes.

26 (b) The property tax millage rates expected to be levied by
27 local school districts within the jurisdictional area of the

1 authority for school operating purposes for that fiscal year.

2 (c) The tax increment revenues estimated to be received by the
3 authority for that fiscal year based upon actual property tax
4 levies of all taxing jurisdictions within the jurisdictional area
5 of the authority plus any tax increment revenues the authority
6 would have received for the fiscal year from property that is
7 exempt from taxation pursuant to the Michigan renaissance zone act,
8 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
9 taxable value at the time the zone is designated.

10 (d) The tax increment revenues the authority estimates it
11 would have received for that fiscal year if property taxes were
12 levied by local school districts within the jurisdictional area of
13 the authority for school operating purposes at the millage rates
14 described in subdivision (a) and if no property taxes were levied
15 by this state under the state education tax act, 1993 PA 331, MCL
16 211.901 to 211.906.

17 (e) A list and documentation of eligible obligations and
18 eligible advances and the payments due on each of those eligible
19 obligations or eligible advances in that fiscal year, and the total
20 amount of all the payments due on those eligible obligations and
21 eligible advances in that fiscal year.

22 (f) The amount of money, other than tax increment revenues,
23 estimated to be received in that fiscal year by the authority that
24 is primarily pledged to, and to be used for, the payment of an
25 eligible obligation or the repayment of an eligible advance. That
26 amount shall not include excess tax increment revenues of the
27 authority that are permitted by law to be retained by the authority

1 for purposes that further the development program. However, that
2 amount shall include money to be obtained from sources authorized
3 by law, which law is enacted on or after December 1, 1993, for use
4 by the municipality or authority to finance a development project.

5 (g) The amount of a distribution received pursuant to this
6 part for a fiscal year in excess of or less than the distribution
7 that would have been required if calculated upon actual tax
8 increment revenues received for that fiscal year.

9 (h) A list and documentation of other protected obligations
10 and the payments due on each of those other protected obligations
11 in that fiscal year, and the total amount of all the payments due
12 on those other protected obligations in that fiscal year.

13 (3) For the fiscal year that commences after September 30,
14 1993 and before October 1, 1994, an authority may make a claim with
15 all information required by subsection (2) at any time after March
16 15, 1994.

17 (4) After review and verification of claims submitted pursuant
18 to this section, amounts appropriated by the state in compliance
19 with this part shall be distributed as 2 equal payments on March 1
20 and September 1 after receipt of a claim. An authority shall
21 allocate a distribution it receives for an eligible obligation
22 issued on behalf of a municipality to the municipality.

23 (5) Subject to subsections (6) and (7), the aggregate amount
24 to be appropriated and distributed pursuant to this section to an
25 authority shall be the sum of the amounts determined pursuant to
26 subdivisions (a) and (b) minus the amount determined pursuant to
27 subdivision (c), as follows:

1 (a) The amount by which the tax increment revenues the
2 authority would have received for the fiscal year, if property
3 taxes were levied by local school districts on property, including
4 property that is exempt from taxation pursuant to the Michigan
5 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
6 on the property's taxable value at the time the zone is designated,
7 for school operating purposes at the millage rates described in
8 subsection (2)(a) and if no property taxes were levied under the
9 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
10 exceed the sum of tax increment revenues the authority actually
11 received for the fiscal year plus any tax increment revenues the
12 authority would have received for the fiscal year from property
13 that is exempt from taxation pursuant to the Michigan renaissance
14 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
15 property's taxable value at the time the zone is designated.

16 (b) A shortfall required to be reported pursuant to subsection
17 (2)(g) that had not previously increased a distribution.

18 (c) An excess amount required to be reported pursuant to
19 subsection (2)(g) that had not previously decreased a distribution.

20 (6) The amount distributed under subsection (5) shall not
21 exceed the difference between the amount described in subsection
22 (2)(e) and the sum of the amounts described in subsection (2)(c)
23 and (f).

24 (7) If, based upon the tax increment financing plan in effect
25 on August 19, 1993, the payment due on eligible obligations or
26 eligible advances anticipates the use of excess prior year tax
27 increment revenues permitted by law to be retained by the

1 authority, and if the sum of the amounts described in subsection
2 (2)(c) and (f) plus the amount to be distributed under subsections
3 (5) and (6) is less than the amount described in subsection (2)(e),
4 the amount to be distributed under subsections (5) and (6) shall be
5 increased by the amount of the shortfall. However, the amount
6 authorized to be distributed pursuant to this section shall not
7 exceed that portion of the cumulative difference, for each
8 preceding fiscal year, between the amount that could have been
9 distributed pursuant to subsection (5) and the amount actually
10 distributed pursuant to subsections (5) and (6) and this
11 subsection.

12 (8) A distribution under this section replacing tax increment
13 revenues pledged by an authority or a municipality is subject to
14 the lien of the pledge, whether or not there has been physical
15 delivery of the distribution.

16 (9) Obligations for which distributions are made pursuant to
17 this section are not a debt or liability of this state; do not
18 create or constitute an indebtedness, liability, or obligation of
19 this state; and are not and do not constitute a pledge of the faith
20 and credit of this state.

21 (10) Not later than July 1 of each year, the authority shall
22 certify to the local tax collecting treasurer the amount of the
23 distribution required under subsection (5), calculated without
24 regard to the receipt of tax increment revenues attributable to
25 local or intermediate school district operating taxes or
26 attributable to taxes levied under the state education tax act,
27 1993 PA 331, MCL 211.901 to 211.906.

1 (11) Calculations of distributions under this section and
2 claims reports required to be made under subsection (2) shall be
3 made on the basis of each development area of the authority.

4 (12) The state tax commission may provide that the
5 reimbursement calculations under this section and the calculation
6 of allowable capture of school taxes shall be made for each
7 calendar year's tax increment revenues using a 12-month debt
8 payment period used by the authority and approved by the state tax
9 commission.

10 Sec. 411b. (1) If the amount of tax increment revenues lost as
11 a result of the personal property tax exemptions provided by
12 section 1211(4) of the revised school code, 1976 PA 451, MCL
13 380.1211, section 3 of the state education tax act, 1993 PA 331,
14 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
15 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
16 reduce the allowable school tax capture received in a fiscal year,
17 then, notwithstanding any other provision of this part, the
18 authority, with approval of the department of treasury under
19 subsection (3), may request the local tax collecting treasurer to
20 retain and pay to the authority taxes levied under the state
21 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
22 for the following:

23 (a) To repay an eligible advance.

24 (b) To repay an eligible obligation.

25 (c) To repay an other protected obligation.

26 (d) To pay an advance or an obligation identified in a
27 development plan, or an amendment to that plan for property located

1 in a certified technology park approved by board of the authority
2 not later than 90 days after July 19, 2010 if the plan contains all
3 of the following and the plan for the capture of school taxes has
4 been approved within 1 year after July 19, 2010:

5 (i) A detailed description of the project.

6 (ii) A statement of the estimated cost of the project.

7 (iii) The specific location of the project.

8 (iv) The name of any developer of the project.

9 (e) To pay an advance or an obligation identified in a
10 development plan, or an amendment to that plan for property located
11 in a certified alternative energy park approved by the board of the
12 authority if the plan contains all of the following and the plan
13 for the capture of school taxes has been approved not later than
14 December 31, 2012:

15 (i) A detailed description of the project.

16 (ii) A statement of the estimated cost of the project.

17 (iii) The specific location of the project.

18 (iv) The name of any developer of the project.

19 (2) Not later than June 15, 2008, not later than September 30,
20 2009, and not later than June 1 of each subsequent year, an
21 authority eligible under subsection (1) to have taxes levied under
22 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
23 retained and paid to the authority under this section, shall apply
24 for approval with the department of treasury. The application for
25 approval shall include the following information:

26 (a) The property tax millage rates expected to be levied by
27 local school districts within the jurisdictional area of the

1 authority for school operating purposes for that fiscal year.

2 (b) The tax increment revenues estimated to be received by the
3 authority for that fiscal year based upon actual property tax
4 levies of all taxing jurisdictions within the jurisdictional area
5 of the authority.

6 (c) The tax increment revenues the authority estimates it
7 would have received for that fiscal year if the personal property
8 tax exemptions described in subsection (1) were not in effect.

9 (d) A list of eligible obligations, eligible advances, other
10 protected obligations, and advances and obligations described in
11 subsection (1)(d) for expenditures authorized in a certified
12 technology park or described in subsection (1)(e) for expenditures
13 authorized in a certified alternative energy park; the payments due
14 on each of those in that fiscal year; and the total amount of
15 payments due on all of those in that fiscal year.

16 (e) The amount of money, other than tax increment revenues,
17 estimated to be received in that fiscal year by the authority that
18 is primarily pledged to, and to be used for, the payment of an
19 eligible obligation, the repayment of an eligible advance, the
20 payment of another protected obligation, the payment of obligations
21 or advances described in subsection (1)(d) for expenditures
22 authorized in a certified technology park, or the payment of
23 obligations or advances described in subsection (1)(e) for
24 expenditures authorized in a certified alternative energy park.
25 That amount shall not include excess tax increment revenues of the
26 authority that are permitted by law to be retained by the authority
27 for purposes that further the development program. However, that

1 amount shall include money to be obtained from sources authorized
2 by law, which law is enacted on or after December 1, 1993, for use
3 by the municipality or authority to finance a development plan.

4 (f) The amount of a distribution received pursuant to this
5 part for a fiscal year in excess of or less than the distribution
6 that would have been required if calculated upon actual tax
7 increment revenues received for that fiscal year.

8 (3) Not later than August 15, 2008; for 2009 only, not later
9 than 30 days after August 1, 2012; and not later than August 15 of
10 each subsequent year, based on the calculations under subsection
11 (5), the department of treasury shall approve, modify, or deny the
12 application for approval to have taxes levied under the state
13 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
14 and paid to the authority under this section. If the application
15 for approval contains the information required under subsection
16 (2)(a) through (f) and appears to be in substantial compliance with
17 the provisions of this section, then the department of treasury
18 shall approve the application. If the application is denied by the
19 department of treasury, then the department of treasury shall
20 provide the opportunity for a representative of the authority to
21 discuss the denial within 21 days after the denial occurs and shall
22 sustain or modify its decision within 30 days after receiving
23 information from the authority. If the application for approval is
24 approved or modified by the department of treasury, the local tax
25 collecting treasurer shall retain and pay to the authority the
26 amount described in subsection (5) as approved by the department.
27 If the department of treasury denies the authority's application

1 for approval, the local tax collecting treasurer shall not retain
2 or pay to the authority the taxes levied under the state education
3 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
4 department does not prohibit a subsequent audit of taxes retained
5 in accordance with the procedures currently authorized by law.

6 (4) Each year, the legislature shall appropriate and
7 distribute an amount sufficient to pay each authority the
8 following:

9 (a) If the amount to be retained and paid under subsection (3)
10 is less than the amount calculated under subsection (5), the
11 difference between those amounts.

12 (b) If the application for approval is denied by the
13 department of treasury, an amount verified by the department equal
14 to the amount calculated under subsection (5).

15 (5) Subject to subsection (6), the aggregate amount under this
16 section shall be the sum of the amounts determined under
17 subdivisions (a) and (b) minus the amount determined under
18 subdivision (c), as follows:

19 (a) The amount by which the tax increment revenues the
20 authority would have received and retained for the fiscal year,
21 excluding taxes exempt under section 7ff of the general property
22 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
23 exemptions described in subsection (1) were not in effect, exceed
24 the tax increment revenues the authority actually received for the
25 fiscal year.

26 (b) A shortfall required to be reported under subsection
27 (2)(f) that had not previously increased a distribution.

1 (c) An excess amount required to be reported under subsection
2 (2)(f) that had not previously decreased a distribution.

3 (6) A distribution or taxes retained under this section
4 replacing tax increment revenues pledged by an authority or a
5 municipality are subject to any lien of the pledge described in
6 subsection (1), whether or not there has been physical delivery of
7 the distribution.

8 (7) Obligations for which distributions are made under this
9 section are not a debt or liability of this state; do not create or
10 constitute an indebtedness, liability, or obligation of this state;
11 and are not and do not constitute a pledge of the faith and credit
12 of this state.

13 (8) Not later than September 15 of each year, the authority
14 shall provide a copy of the application for approval approved by
15 the department of treasury to the local tax collecting treasurer
16 and provide the amount of the taxes retained and paid to the
17 authority under subsection (5).

18 (9) Calculations of amounts retained and paid and
19 appropriations to be distributed under this section shall be made
20 on the basis of each development area of the authority.

21 (10) The state tax commission may provide that the
22 reimbursement calculations under this section and the calculation
23 of allowable capture of school taxes shall be made for each
24 calendar year's tax increment revenues using a 12-month debt
25 payment period used by the authority and approved by the state tax
26 commission.

27 (11) It is the intent of the legislature that, to the extent

1 that the total amount of taxes levied under the state education tax
2 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
3 retained under this section and section 15a of the brownfield
4 redevelopment financing act, 1996 PA 381, MCL 125.2665a, section
5 312b, and section 213c exceeds the difference of the total school
6 aid fund revenue for the tax year minus the estimated amount of
7 revenue the school aid fund would have received for the tax year
8 had the tax exemptions described in subsection (1) and the earmark
9 created by section 515 of the Michigan business tax act, 2007 PA
10 36, MCL 208.1515, not taken effect, the general fund shall
11 reimburse the school aid fund the difference.

12 Sec. 412. (1) If the board determines that it is necessary for
13 the achievement of the purposes of this part, the board shall
14 prepare and submit a tax increment financing plan to the governing
15 body. The plan shall be in compliance with section 413 and shall
16 include a development plan as provided in section 415. The plan
17 shall also contain the following:

18 (a) A statement of the reasons that the plan will result in
19 the development of captured assessed value that could not otherwise
20 be expected. The reasons may include, but are not limited to,
21 activities of the municipality, authority, or others undertaken
22 before formulation or adoption of the plan in reasonable
23 anticipation that the objectives of the plan would be achieved by
24 some means.

25 (b) An estimate of the captured assessed value for each year
26 of the plan. The plan may provide for the use of part or all of the
27 captured assessed value or, subject to subsection (3), of the tax

1 increment revenues attributable to the levy of any taxing
2 jurisdiction, but the portion intended to be used shall be clearly
3 stated in the plan. The board or the municipality creating the
4 authority may exclude from captured assessed value a percentage of
5 captured assessed value as specified in the plan or growth in
6 property value resulting solely from inflation. If excluded, the
7 plan shall set forth the method for excluding growth in property
8 value resulting solely from inflation.

9 (c) The estimated tax increment revenues for each year of the
10 plan.

11 (d) A detailed explanation of the tax increment procedure.

12 (e) The maximum amount of note or bonded indebtedness to be
13 incurred, if any.

14 (f) The amount of operating and planning expenditures of the
15 authority and municipality, the amount of advances extended by or
16 indebtedness incurred by the municipality, and the amount of
17 advances by others to be repaid from tax increment revenues.

18 (g) The costs of the plan anticipated to be paid from tax
19 increment revenues as received.

20 (h) The duration of the development plan and the tax increment
21 plan.

22 (i) An estimate of the impact of tax increment financing on
23 the revenues of all taxing jurisdictions in which the eligible
24 property is or is anticipated to be located.

25 (j) A legal description of the eligible property to which the
26 tax increment financing plan applies or shall apply upon
27 qualification as eligible property.

1 (k) An estimate of the number of jobs to be created as a
2 result of implementation of the tax increment financing plan.

3 (l) The proposed boundaries of a certified technology park to
4 be created under an agreement proposed to be entered into pursuant
5 to section 412a, or of a certified alternative energy park to be
6 created under an agreement proposed to be entered into pursuant to
7 section 412c, or of a next Michigan development area designated
8 under section 412e, an identification of the real property within
9 the certified technology park, the certified alternative energy
10 park, or the next Michigan development area to be included in the
11 tax increment financing plan for purposes of determining tax
12 increment revenues, and whether personal property located in the
13 certified technology park, the certified alternative energy park,
14 or the next Michigan development area is exempt from determining
15 tax increment revenues.

16 (2) Except as provided in subsection (7), a tax increment
17 financing plan shall provide for the use of tax increment revenues
18 for public facilities for eligible property whose captured assessed
19 value produces the tax increment revenues or, to the extent the
20 eligible property is located within a business development area or
21 a next Michigan development area, for other eligible property
22 located in the business development area or the next Michigan
23 development area. Public facilities for eligible property include
24 the development or improvement of access to and around, or within
25 the eligible property, of road facilities reasonably required by
26 traffic flow to be generated by the eligible property, and the
27 development or improvement of public facilities that are necessary

1 to service the eligible property, whether or not located on that
2 eligible property. If the eligible property identified in the tax
3 increment financing plan is property to which section 402(p)(iv)
4 applies, the tax increment financing plan shall not provide for the
5 use of tax increment revenues for public facilities other than
6 those described in the development plan as of April 1, 1991.

7 Whether or not provided in the tax increment financing plan, if the
8 eligible property identified in the tax increment financing plan is
9 property to which section 402(s)(iv) applies, then to the extent
10 that captured tax increment revenues are utilized for the costs of
11 cleanup of identified soil and groundwater contamination, the
12 captured tax increment revenues shall be first credited against the
13 shares of responsibility for the total costs of cleanup of
14 uncollectible parties who are responsible for the identified soil
15 and groundwater contamination pursuant to law, and then shall be
16 credited on a pro rata basis against the shares of responsibility
17 for the total costs of cleanup of other parties who are responsible
18 for the identified soil and groundwater contamination pursuant to
19 law.

20 (3) The percentage of taxes levied for school operating
21 purposes that is captured and used by the tax increment financing
22 plan and the tax increment financing plans under part 2, part 3,
23 and the brownfield redevelopment financing act, 1996 PA 381, MCL
24 125.2651 to 125.2672, shall not be greater than the percentage
25 capture and use of taxes levied by a municipality or county for
26 operating purposes under the tax increment financing plan and tax
27 increment financing plans under part 2, part 3, and the brownfield

1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.
2 For purposes of the previous sentence, taxes levied by a county for
3 operating purposes include only millage allocated for county or
4 charter county purposes under the property tax limitation act, 1933
5 PA 62, MCL 211.201 to 211.217a.

6 (4) Except as otherwise provided by this subsection, approval
7 of the tax increment financing plan shall be in accordance with the
8 notice, hearing, disclosure, and approval provisions of sections
9 416 and 417. If the development plan is part of the tax increment
10 financing plan, only 1 hearing and approval procedure is required
11 for the 2 plans together. For a plan submitted by an authority
12 established by 2 or more municipalities under sections 403(2) and
13 404(7) or by an authority established by a next Michigan
14 development corporation under sections 403(3) and 404(8), the
15 notice required by section 416 may be published jointly by the
16 municipalities in which the authority district is located or by the
17 next Michigan development corporation. For a plan submitted by an
18 authority exercising its powers under sections 403(2) and 404(7),
19 the plan shall not be considered approved unless each governing
20 body in which the authority district is located makes the
21 determinations required by section 417 and approves the same plan,
22 including the same modifications, if any, made to the plan by any
23 other governing body. A plan submitted by an authority exercising
24 its powers under sections 403(3) and 404(8) shall be approved if
25 the governing body of the next Michigan development corporation
26 makes the determinations required by section 417.

27 (5) Before the public hearing on the tax increment financing

1 plan, the governing body shall provide a reasonable opportunity to
2 the taxing jurisdictions levying taxes subject to capture to
3 express their views and recommendations regarding the tax increment
4 financing plan. The authority shall fully inform the taxing
5 jurisdictions about the fiscal and economic implications of the
6 proposed tax increment financing plan. The taxing jurisdictions may
7 present their recommendations at the public hearing on the tax
8 increment financing plan. The authority may enter into agreements
9 with the taxing jurisdictions and the governing body of the
10 municipality in which the authority district is located to share a
11 portion of the captured assessed value of the district or to
12 distribute tax increment revenues among taxing jurisdictions. Upon
13 adoption of the plan, the collection and transmission of the amount
14 of tax increment revenues, as specified in this act, shall be
15 binding on all taxing units levying ad valorem property taxes or
16 specific local taxes against property located in the authority
17 district.

18 (6) Property qualified as a public facility under section
19 402(ff)(ii) that is acquired by an authority may be sold, conveyed,
20 or otherwise disposed to any person, public or private, for fair
21 market value or reasonable monetary consideration established by
22 the authority with the concurrence of the Michigan economic
23 development corporation and the municipality in which the eligible
24 property is located based on a fair market value appraisal from a
25 fee appraiser only if the property is sold for fair market value.
26 Unless the property acquired by an authority was located within a
27 certified business park, a certified technology park, a certified

1 alternative energy park, or a next Michigan development area at the
2 time of disposition, an authority shall remit all monetary proceeds
3 received from the sale or disposition of property that qualified as
4 a public facility under section 402(ff)(ii) and was purchased with
5 tax increment revenues to the taxing jurisdictions. Proceeds
6 distributed to taxing jurisdictions shall be remitted in proportion
7 to the amount of tax increment revenues attributable to each taxing
8 jurisdiction in the year the property was acquired. If the property
9 was acquired in part with funds other than tax increment revenues,
10 only that portion of the monetary proceeds received upon
11 disposition that represent the proportion of the cost of
12 acquisition paid with tax increment revenues is required to be
13 remitted to taxing jurisdictions. If the property is located within
14 a certified business park, a certified technology park, or a
15 certified alternative energy park, or a next Michigan development
16 area at the time of disposition, the monetary proceeds received
17 from the sale or disposition of that property may be retained by
18 the authority for any purpose necessary to further the development
19 program for the certified business park, certified technology park,
20 certified alternative energy park, or next Michigan development
21 area in accordance with the tax increment financing plan.

22 (7) The tax increment financing plan may provide for the use
23 of tax increment revenues from a certified technology park for
24 public facilities for any eligible property located in the
25 certified technology park. The tax increment financing plan may
26 provide for the use of tax increment revenues from a certified
27 alternative energy park for public facilities for any eligible

1 property located in the certified alternative energy park. The tax
2 increment financing plan may provide for the use of tax increment
3 revenues within or without the development area from which the tax
4 increment revenues are derived, provided that the tax increment
5 revenues shall be used for public facilities within a next Michigan
6 development area within the municipality whose levy has contributed
7 to the tax increment revenues except as otherwise provided in the
8 interlocal agreement creating the next Michigan development
9 corporation that established the authority.

10 (8) If title to property qualified as a public facility under
11 section 402(ff)(ii) and acquired by an authority with tax increment
12 revenues is sold, conveyed, or otherwise disposed of pursuant to
13 subsection (6) for less than fair market value, the authority shall
14 enter into an agreement relating to the use of the property with
15 the person to whom the property is sold, conveyed, or disposed of,
16 which agreement shall include a penalty provision addressing
17 repayment to the authority if any interest in the property is sold,
18 conveyed, or otherwise disposed of by the person within 12 years
19 after the person received title to the property from the authority.
20 This subsection shall not require enforcement of a penalty
21 provision for a conveyance incident to a merger, acquisition,
22 reorganization, sale-lease back transaction, employee stock
23 ownership plan, or other change in corporate or business form or
24 structure.

25 (9) The penalty provision described in subsection (8) shall
26 not be less than an amount equal to the difference between the fair
27 market value of the property when originally sold, conveyed, or

1 otherwise disposed of and the actual consideration paid by the
2 person to whom the property was originally sold, conveyed, or
3 otherwise disposed of.

4 Sec. 412a. (1) A municipality that has created an authority
5 may apply to the Michigan economic development corporation for
6 designation of all or a portion of the authority district as a
7 certified technology park and to enter into an agreement governing
8 the terms and conditions of the designation. The form of the
9 application shall be in a form specified by the Michigan economic
10 development corporation and shall include information the Michigan
11 economic development corporation determines necessary to make the
12 determinations required under this section.

13 (2) After receipt of an application, the Michigan economic
14 development corporation may designate, pursuant to an agreement
15 entered into under subsection (3), a certified technology park that
16 is determined by the Michigan economic development corporation to
17 satisfy 1 or more of the following criteria based on the
18 application:

19 (a) A demonstration of significant support from an institution
20 of higher education, a private research-based institute, or a
21 large, private corporate research and development center located
22 within the proximity of the proposed certified technology park, as
23 evidenced by, but not limited to, the following types of support:

24 (i) Grants of preferences for access to and commercialization
25 of intellectual property.

26 (ii) Access to laboratory and other facilities owned by or
27 under control of the institution of higher education or private

1 research-based institute.

2 (iii) Donations of services.

3 (iv) Access to telecommunication facilities and other
4 infrastructure.

5 (v) Financial commitments.

6 (vi) Access to faculty, staff, and students.

7 (vii) Opportunities for adjunct faculty and other types of
8 staff arrangements or affiliations.

9 (b) A demonstration of a significant commitment on behalf of
10 the institution of higher education, private research-based
11 institute, or a large, private corporate research and development
12 center to the commercialization of research produced at the
13 certified technology park, as evidenced by the intellectual
14 property and, if applicable, tenure policies that reward faculty
15 and staff for commercialization and collaboration with private
16 businesses.

17 (c) A demonstration that the proposed certified technology
18 park will be developed to take advantage of the unique
19 characteristics and specialties offered by the public and private
20 resources available in the area in which the proposed certified
21 technology park will be located.

22 (d) The existence of or proposed development of a business
23 incubator within the proposed certified technology park that
24 exhibits the following types of resources and organization:

25 (i) Significant financial and other types of support from the
26 public or private resources in the area in which the proposed
27 certified technology park will be located.

1 (ii) A business plan exhibiting the economic utilization and
2 availability of resources and a likelihood of successful
3 development of technologies and research into viable business
4 enterprises.

5 (iii) A commitment to the employment of a qualified full-time
6 manager to supervise the development and operation of the business
7 incubator.

8 (e) The existence of a business plan for the proposed
9 certified technology park that identifies its objectives in a
10 clearly focused and measurable fashion and that addresses the
11 following matters:

12 (i) A commitment to new business formation.

13 (ii) The clustering of businesses, technology, and research.

14 (iii) The opportunity for and costs of development of
15 properties under common ownership or control.

16 (iv) The availability of and method proposed for development
17 of infrastructure and other improvements, including
18 telecommunications technology, necessary for the development of the
19 proposed certified technology park.

20 (v) Assumptions of costs and revenues related to the
21 development of the proposed certified technology park.

22 (f) A demonstrable and satisfactory assurance that the
23 proposed certified technology park can be developed to principally
24 contain eligible property as defined by section 402(s)(iii) and
25 (v).

26 (3) An authority and a municipality that incorporated the
27 authority may enter into an agreement with the Michigan economic

1 development corporation establishing the terms and conditions
2 governing the certified technology park. Upon designation of the
3 certified technology park pursuant to the terms of the agreement,
4 the subsequent failure of any party to comply with the terms of the
5 agreement shall not result in the termination or rescission of the
6 designation of the area as a certified technology park. The
7 agreement shall include, but is not limited to, the following
8 provisions:

9 (a) A description of the area to be included within the
10 certified technology park.

11 (b) Covenants and restrictions, if any, upon all or a portion
12 of the properties contained within the certified technology park
13 and terms of enforcement of any covenants or restrictions.

14 (c) The financial commitments of any party to the agreement
15 and of any owner or developer of property within the certified
16 technology park.

17 (d) The terms of any commitment required from an institution
18 of higher education or private research-based institute for support
19 of the operations and activities at eligible properties within the
20 certified technology park.

21 (e) The terms of enforcement of the agreement, which may
22 include the definition of events of default, cure periods, legal
23 and equitable remedies and rights, and penalties and damages,
24 actual or liquidated, upon the occurrence of an event of default.

25 (f) The public facilities to be developed for the certified
26 technology park.

27 (g) The costs approved for public facilities under section

1 402(dd).

2 (4) If the Michigan economic development corporation has
3 determined that a sale price or rental value at below market rate
4 will assist in increasing employment or private investment in the
5 certified technology park, the authority and municipality have
6 authority to determine the sale price or rental value for public
7 facilities owned or developed by the authority and municipality in
8 the certified technology park at below market rate.

9 (5) If public facilities developed pursuant to an agreement
10 entered into under this section are conveyed or leased at less than
11 fair market value or at below market rates, the terms of the
12 conveyance or lease shall include legal and equitable remedies and
13 rights to assure the public facilities are used as eligible
14 property. Legal and equitable remedies and rights may include
15 penalties and actual or liquidated damages.

16 (6) Except as otherwise provided in this section, an agreement
17 designating a certified technology park may not be made after
18 December 31, 2002, but any agreement made on or before December 31,
19 2002 may be amended after that date. However, the Michigan economic
20 development corporation may enter into an agreement with a
21 municipality after December 31, 2002 and on or before December 31,
22 2005 if that municipality has adopted a resolution of interest to
23 create a certified technology park before December 31, 2002.

24 (7) The Michigan economic development corporation shall market
25 the certified technology parks and the certified business parks.
26 The Michigan economic development corporation and an authority may
27 contract with each other or any third party for these marketing

1 services.

2 (8) Except as otherwise provided in subsections (9), (10), and
3 (11), the Michigan economic development corporation shall not
4 designate more than 10 certified technology parks. For purposes of
5 this subsection only, 2 certified technology parks located in a
6 county that contains a city with a population of more than 750,000,
7 shall be counted as 1 certified technology park. Not more than 7 of
8 the certified technology parks designated under this section may
9 not include a firm commitment from at least 1 business engaged in a
10 high technology activity creating a significant number of jobs.

11 (9) The Michigan economic development corporation may
12 designate an additional 5 certified technology parks after November
13 1, 2002 and before December 31, 2007. The Michigan economic
14 development corporation shall not accept applications for the
15 additional certified technology parks under this subsection until
16 after November 1, 2002.

17 (10) The Michigan economic development corporation may
18 designate an additional 3 certified technology parks after February
19 1, 2008 and before December 31, 2008. The Michigan economic
20 development corporation shall not accept applications for the
21 additional certified technology parks under this subsection until
22 after February 1, 2008.

23 (11) The Michigan economic development corporation may
24 designate an additional 3 certified technology parks before March
25 31, 2013. It is the intent of the legislature that after the
26 additional 3 certified technology parks are designated under this
27 subsection, no additional certified technology parks shall be

1 designated under this section.

2 (12) The Michigan economic development corporation shall give
3 priority to applications that include new business activity.

4 (13) For an authority established by 2 or more municipalities
5 under sections 403(2) and 404(7), each municipality in which the
6 authority district is located by a majority vote of the members of
7 its governing body may make a limited tax pledge to support the
8 authority's tax increment bonds issued under section 14 or, if
9 authorized by the voters of the municipality, may pledge its full
10 faith and credit for the payment of the principal of and interest
11 on the bonds. The municipalities that have made a pledge to support
12 the authority's tax increment bonds may approve by resolution an
13 agreement among themselves establishing obligations each may have
14 to the other party or parties to the agreement for reimbursement of
15 all or any portion of a payment made by a municipality related to
16 its pledge to support the authority's tax increment bonds.

17 (14) Not including certified technology parks designated under
18 subsection (8), but for certified technology parks designated under
19 subsections (9), (10), and (11) only, this state shall do all of
20 the following:

21 (a) Reimburse intermediate school districts each year for all
22 tax revenue lost that was captured by an authority for a certified
23 technology park designated by the Michigan economic development
24 corporation after October 3, 2002.

25 (b) Reimburse local school districts each year for all tax
26 revenue lost that was captured by an authority for a certified
27 technology park designated by the Michigan economic development

1 corporation after October 3, 2002.

2 (c) Reimburse the school aid fund from funds other than those
3 appropriated in section 411 of the state school aid act of 1979,
4 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
5 calculations under subdivisions (a) and (b) and for all revenue
6 lost that was captured by an authority for a certified technology
7 park designated by the Michigan economic development corporation
8 after October 3, 2002. Foundation allowances calculated under
9 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1620, shall not be reduced as a result of tax revenue lost that
11 was captured by an authority for a certified technology park
12 designated by the Michigan economic development corporation under
13 subsection (9), (10), or (11) after October 3, 2002.

14 Sec. 412b. (1) A municipality that has created an authority in
15 which a certified technology park has been designated under this
16 part may enter into an agreement with another authority that does
17 not contain a certified technology park to designate a distinct
18 geographic area within the authority district as a certified
19 technology park. The authority shall consider the advantages of the
20 unique characteristics and specialties offered by the public and
21 private resources available in the distinct geographic area, shall
22 consider the benefits to regional cooperation and collaboration,
23 and shall consider whether designating the additional distinct
24 geographic area adds value to the mission of the designated
25 certified technology park. The distinct geographic area is subject
26 to the provisions of section 412a(3), (4), and (5). The state
27 treasurer shall not approve the capture of amounts levied by the

1 state under the state education tax act, 1993 PA 331, MCL 211.901
2 to 211.906, and by local and intermediate school districts as
3 permitted in section 402(jj)(ii)(B) for more than 9 distinct
4 geographic areas designated under this section. In addition,
5 beginning on July 21, 2015, the state treasurer shall not approve
6 the capture of amounts described in this subsection unless the
7 application for approval of a distinct geographic area under this
8 subsection is also approved by the Michigan economic development
9 corporation as provided in subsection (2). A copy of the
10 designation shall be filed with the Michigan economic development
11 corporation.

12 (2) Beginning on July 21, 2015, the Michigan economic
13 development corporation shall designate the distinct geographic
14 areas under subsection (1) pursuant to a competitive application
15 process that has an initial application period and a final
16 application period and that meets all the following:

17 (a) The initial application period shall begin on July 21,
18 2015 and end on October 1, 2015. All applications submitted during
19 the initial application period shall be approved or denied not
20 later than November 1, 2015. The Michigan economic development
21 corporation may approve up to 3 applications as a result of the
22 initial application period. Applications submitted outside the
23 initial application period shall not be considered under this
24 subdivision.

25 (b) The final application period shall begin on January 1,
26 2016 and end on July 1, 2016. All applications submitted during the
27 final application period shall be approved or denied by September

1 1, 2016. The Michigan economic development corporation may approve
2 the remaining designations available under subsection (1) as a
3 result of the final application period. However, there is no
4 requirement that all 9 designations be made under this section.
5 Applications submitted outside the final application period shall
6 not be considered under this subdivision.

7 (c) The Michigan economic development corporation shall
8 publish the application process and competitive criteria upon which
9 applications will be evaluated on its website. If an application
10 does not meet the requirements of this section, the application
11 shall not be approved by the Michigan economic development
12 corporation.

13 Sec. 412c. (1) A municipality that has created an authority
14 may apply to the Michigan economic development corporation for
15 designation of all or a portion of the authority district as a
16 certified alternative energy park and to enter into an agreement
17 governing the terms and conditions of the designation. The form of
18 the application shall be in a form specified by the Michigan
19 economic development corporation and shall include information the
20 Michigan economic development corporation determines necessary to
21 make the determinations required under this section.

22 (2) After receipt of an application, the Michigan economic
23 development corporation may designate, pursuant to an agreement
24 entered into under subsection (3), a certified alternative energy
25 park that is determined by the Michigan economic development
26 corporation to satisfy 1 or more of the following criteria based on
27 the application:

1 (a) A demonstration that the proposed alternative energy park
2 will be developed to take advantage of the unique characteristics
3 and specialties offered by public and private resources available
4 in the area in which the proposed certified alternative energy park
5 will be located.

6 (b) The existence of or strong likelihood of attracting
7 alternative energy technology businesses to the proposed
8 alternative energy park by exhibiting the following types of
9 resources and organization:

10 (i) Significant financial and other types of support from the
11 public or private resources in the area.

12 (ii) Proposed or actual ownership of land in sufficient
13 quantity as to attract 1 or more major alternative energy
14 technology businesses.

15 (c) The existence of a business plan for the proposed
16 certified alternative energy park that identifies its objectives in
17 a clearly focused and measurable fashion and that addresses the
18 following matters:

19 (i) A commitment to new business formation or major business
20 attraction.

21 (ii) The clustering of businesses, technology, and research
22 within the region.

23 (iii) The opportunity for and costs of development of
24 properties under common ownership or control.

25 (iv) The availability of and method proposed for development
26 and sale or conveyance of shovel-ready sites to include
27 infrastructure and other improvements, including telecommunications

1 technology, necessary for the successful development of the
2 proposed certified alternative energy park.

3 (v) Assumptions of costs and revenues related to the
4 development of the proposed certified alternative energy park.

5 (d) A demonstrable and satisfactory assurance that the
6 proposed certified alternative energy park can be developed to
7 principally contain eligible property as defined by section
8 402(s) (v) and (vi) .

9 (e) The proposed certified alternative energy park includes a
10 military installation that was operated by the United States
11 Department of Defense and closed after 1980.

12 (3) An authority and a municipality that incorporated the
13 authority may enter into an agreement with the Michigan economic
14 development corporation establishing the terms and conditions
15 governing the certified alternative energy park. Upon designation
16 of the certified alternative energy park pursuant to the terms of
17 the agreement, the subsequent failure of any party to comply with
18 the terms of the agreement shall not result in the termination or
19 rescission of the designation of the area as a certified
20 alternative energy park. The agreement shall include, but is not
21 limited to, the following provisions:

22 (a) A description of the area to be included within the
23 certified alternative energy park.

24 (b) Covenants and restrictions, if any, upon all or a portion
25 of the properties contained within the certified alternative energy
26 park and terms of enforcement of any covenants or restrictions.

27 (c) The financial commitments of any party to the agreement

1 and of any owner or developer of property, including sale or
2 transfer of ownership or options thereto upon designation of a
3 certified alternative energy park for property within the certified
4 alternative energy park.

5 (d) The terms of enforcement of the agreement, which may
6 include the definition of events of default, cure periods, legal
7 and equitable remedies and rights, and penalties and damages,
8 actual or liquidated, upon the occurrence of an event of default.

9 (e) Proposed method of ownership of the land within the
10 certified alternative energy park.

11 (f) The costs approved for public facilities under section
12 402(dd).

13 (g) Proposed method of operating the certified alternative
14 energy park.

15 (4) If the Michigan economic development corporation has
16 determined that a sale price or rental value at below market rate
17 will assist in increasing employment or private investment in the
18 certified alternative energy park, the authority and municipality
19 have authority to determine the sale price or rental value for
20 public facilities owned or developed by the authority and
21 municipality in the certified alternative energy park at below
22 market rate.

23 (5) If public facilities developed pursuant to an agreement
24 entered into under this section are conveyed or leased at less than
25 fair market value or at below market rates, the terms of the
26 conveyance or lease shall include legal and equitable remedies and
27 rights to assure that the public facilities are used as eligible

1 property. Legal and equitable remedies and rights may include
2 penalties and actual or liquidated damages.

3 (6) Except as otherwise provided in this section, an agreement
4 designating a certified alternative energy park may not be made
5 after December 31, 2012, but any agreement made on or before
6 December 31, 2012 may be amended after that date.

7 (7) The Michigan economic development corporation shall not
8 designate more than 10 certified alternative energy parks. For
9 purposes of this subsection only, certified alternative energy
10 parks located in the same county shall be counted as 1 certified
11 alternative energy park.

12 (8) For an authority established by 2 or more municipalities
13 under sections 403(2) and 404(7), each municipality in which the
14 authority district is located by a majority vote of the members of
15 its governing body may make a limited tax pledge to support the
16 authority's tax increment bonds issued under section 414 or, if
17 authorized by the voters of the municipality, may pledge its full
18 faith and credit for the payment of the principal of and interest
19 on the bonds. The municipalities that have made a pledge to support
20 the authority's tax increment bonds may approve by resolution an
21 agreement among themselves establishing obligations each may have
22 to the other party or parties to the agreement for reimbursement of
23 all or any portion of a payment made by a municipality related to
24 its pledge to support the authority's tax increment bonds.

25 (9) Upon approval of the Michigan economic development
26 corporation, the certified alternative energy park may be owned and
27 operated by an economic development corporation created under the

1 economic development corporations act, 1974 PA 338, MCL 125.1601 to
2 125.1636, or other public body agreeable to all members.

3 Sec. 412d. (1) If an authority determines that a sale price or
4 rental value at below market rate will assist in increasing
5 employment or private investment in a development area, the
6 authority may determine a sale price or rental value for public
7 facilities owned or developed by the authority at below market
8 rate.

9 (2) If public facilities are conveyed or leased at less than
10 fair market value or at below market rates, the terms of the
11 conveyance or lease shall include legal and equitable remedies and
12 rights to assure that the public facilities are used as eligible
13 property. Legal and equitable remedies and rights may include
14 penalties and actual or liquidated damages. If public facilities
15 for public benefit are provided to private owners or users of
16 eligible property, the terms of the conveyance or lease shall
17 include a benefit to the private owner or user.

18 Sec. 412e. (1) A next Michigan development corporation
19 establishing an authority under section 403(3) shall notify the
20 Michigan economic development corporation of the designation of a
21 next Michigan development area.

22 (2) The Michigan economic development corporation shall market
23 the authority district including next Michigan development areas.

24 (3) For an authority exercising its powers under section
25 403(3), each municipality and county which is a party to the
26 interlocal agreement establishing the next Michigan development
27 corporation, or any 1 of them, by a majority vote of the members of

1 its governing body, may make a limited tax pledge to support the
2 authority's tax increment bonds issued under section 414 or, if
3 authorized by the voters of the municipality or county, may pledge
4 its full faith and credit for the payment of the principal of and
5 interest on the bonds. The municipalities or counties that have
6 made a pledge to support the authority's tax increment bonds may
7 approve by resolution an agreement among themselves establishing
8 obligations each may have to the other party or parties to the
9 agreement for reimbursement of all or any portion of a payment made
10 by a municipality or county related to its pledge to support the
11 authority's tax increment bonds.

12 Sec. 413. (1) The city, village, township, school district,
13 and county treasurers shall transmit to the authority tax increment
14 revenues.

15 (2) The authority shall expend the tax increment revenues
16 received for the development program only in accordance with the
17 tax increment financing plan. Tax increment revenues in excess of
18 the estimated tax increment revenues or of the actual costs of the
19 plan to be paid by the tax increment revenues may be retained by
20 the authority only for purposes, that by resolution of the board,
21 are determined to further the development program in accordance
22 with the tax increment financing plan. The excess tax increment
23 revenues not so used shall revert proportionately to the respective
24 taxing jurisdictions. These revenues shall not be used to
25 circumvent existing property tax laws or a local charter that
26 provides a maximum authorized rate for the levy of property taxes.
27 The governing body may abolish the tax increment financing plan if

1 it finds that the purposes for which the plan was established are
2 accomplished. However, the tax increment financing plan may not be
3 abolished, allowed to expire, or otherwise terminate until the
4 principal of, and interest on, bonds issued pursuant to section 414
5 have been paid or funds sufficient to make that payment have been
6 segregated and placed in an irrevocable trust for the benefit of
7 the holders of the bonds.

8 Sec. 414. (1) By resolution of its board and subject to the
9 limitations set forth in this section, the authority may authorize,
10 issue, and sell its tax increment bonds to finance a development
11 program. The bonds are subject to the revised municipal finance
12 act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge
13 for debt service requirements the tax increment revenues to be
14 received from an eligible property. The bonds issued under this
15 section shall be considered a single series for the purposes of the
16 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
17 141.2821.

18 (2) The municipality by majority vote of the members of its
19 governing body may make a limited tax pledge to support the
20 authority's tax increment bonds or, if authorized by the voters of
21 the municipality, pledge its full faith and credit for the payment
22 of the principal of and interest on the authority's tax increment
23 bonds. The municipality may pledge as additional security for the
24 bonds any money received by the authority or the municipality
25 pursuant to section 410.

26 (3) Bonds and notes issued by the authority and the interest
27 on and income from those bonds and notes are exempt from taxation

1 by the state or a political subdivision of this state.

2 (4) Notwithstanding any other provision of this act, if the
3 state treasurer determines that an authority or municipality can
4 issue a qualified refunding obligation and the authority or
5 municipality does not make a good faith effort to issue the
6 qualified refunding obligation as determined by the state
7 treasurer, the state treasurer may reduce the amount claimed by the
8 authority or municipality under section 411a by an amount equal to
9 the net present value saving that would have been realized had the
10 authority or municipality refunded the obligation or the state
11 treasurer may require a reduction in the capture of tax increment
12 revenues from taxes levied by a local or intermediate school
13 district or this state by an amount equal to the net present value
14 savings that would have been realized had the authority or
15 municipality refunded the obligation. This subsection does not
16 authorize the state treasurer to require the authority or
17 municipality to pledge security greater than the security pledged
18 for the obligation being refunded.

19 Sec. 415. (1) If a board decides to finance a project under
20 this part, it shall prepare a development plan.

21 (2) To the extent necessary to accomplish the proposed
22 development program the development plan shall contain:

23 (a) A description of the property to which the plan applies in
24 relation to the boundaries of the authority district and a legal
25 description of the property.

26 (b) The designation of boundaries of the property to which the
27 plan applies in relation to highways, streets, or otherwise.

1 (c) The location and extent of existing streets and other
2 public facilities in the vicinity of the property to which the plan
3 applies; the location, character, and extent of the categories of
4 public and private land uses then existing and proposed for the
5 property to which the plan applies, including residential,
6 recreational, commercial, industrial, educational, and other uses.

7 (d) A description of public facilities to be acquired for the
8 property to which the plan applies, a description of any repairs
9 and alterations necessary to make those improvements, and an
10 estimate of the time required for completion of the improvements.

11 (e) The location, extent, character, and estimated cost of the
12 public facilities for the property to which the plan applies, and
13 an estimate of the time required for completion.

14 (f) A statement of the construction or stages of construction
15 planned, and the estimated time of completion of each stage.

16 (g) A description of any portions of the property to which the
17 plan applies, which the authority desires to sell, donate,
18 exchange, or lease to or from the municipality and the proposed
19 terms.

20 (h) A description of desired zoning changes and changes in
21 streets, street levels, intersections, and utilities.

22 (i) An estimate of the cost of the public facility or
23 facilities, a statement of the proposed method of financing the
24 public facility or facilities, and the ability of the authority to
25 arrange the financing.

26 (j) Designation of the person or persons, natural or
27 corporate, to whom all or a portion of the public facility or

1 facilities is to be leased, sold, or conveyed and for whose benefit
2 the project is being undertaken, if that information is available
3 to the authority.

4 (k) The procedures for bidding for the leasing, purchasing, or
5 conveying of all or a portion of the public facility or facilities
6 upon its completion, if there is no express or implied agreement
7 between the authority and persons, natural or corporate, that all
8 or a portion of the development will be leased, sold, or conveyed
9 to those persons.

10 (l) Estimates of the number of persons residing on the
11 property to which the plan applies and the number of families and
12 individuals to be displaced. If occupied residences are designated
13 for acquisition and clearance by the authority, a development plan
14 shall include a survey of the families and individuals to be
15 displaced, including their income and racial composition, a
16 statistical description of the housing supply in the community,
17 including the number of private and public units in existence or
18 under construction, the condition of those in existence, the number
19 of owner-occupied and renter-occupied units, the annual rate of
20 turnover of the various types of housing and the range of rents and
21 sale prices, an estimate of the total demand for housing in the
22 community, and the estimated capacity of private and public housing
23 available to displaced families and individuals.

24 (m) A plan for establishing priority for the relocation of
25 persons displaced by the development.

26 (n) Provision for the costs of relocating persons displaced by
27 the development, and financial assistance and reimbursement of

1 expenses, including litigation expenses and expenses incident to
2 the transfer of title, in accordance with the standards and
3 provisions of the federal uniform relocation assistance and real
4 property acquisition policies act of 1970, 42 USC 4601 to 4655.

5 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
6 213.332.

7 (p) Other material which the authority or governing body
8 considers pertinent.

9 (3) It shall not be necessary for the board to prepare a
10 development plan pursuant to this section if a development plan
11 that adequately provides for accomplishing the proposed development
12 program has already been prepared and where the development plan
13 has been approved by the board and governing body pursuant to
14 sections 416 and 417.

15 Sec. 416. (1) Before adoption of a resolution approving or
16 amending a development plan or approving or amending a tax
17 increment financing plan, the governing body shall hold a public
18 hearing on the development plan. Notice of the time and place of
19 the hearing shall be given by publication twice in a newspaper of
20 general circulation designated by the municipality, the first of
21 which shall not be less than 20 days before the date set for the
22 hearing. Beginning June 1, 2005, the notice of hearing within the
23 time frame described in this subsection shall be mailed by
24 certified mail to the governing body of each taxing jurisdiction
25 levying taxes that would be subject to capture if the development
26 plan or the tax increment financing plan is approved or amended.

27 (2) Notice of the time and place of hearing on a development

1 plan shall contain the following:

2 (a) A description of the property to which the plan applies in
3 relation to highways, streets, streams, or otherwise.

4 (b) A statement that maps, plats, and a description of the
5 development plan, including the method of relocating families and
6 individuals who may be displaced from the area, are available for
7 public inspection at a place designated in the notice, and that all
8 aspects of the development plan will be open for discussion at the
9 public hearing.

10 (c) Other information that the governing body considers
11 appropriate.

12 (3) At the time set for hearing, the governing body shall
13 provide an opportunity for interested persons to be heard and shall
14 receive and consider communications in writing with reference to
15 the matter. The hearing shall provide the fullest opportunity for
16 expression of opinion, for argument on the merits, and for
17 introduction of documentary evidence pertinent to the development
18 plan. The governing body shall make and preserve a record of the
19 public hearing, including all data presented at that time.

20 Sec. 417. (1) After a public hearing on the development plan
21 or the tax increment financing plan, or both, with notice of the
22 hearing given pursuant to section 416, the governing body shall
23 determine whether the development plan or tax increment financing
24 plan, or both, constitutes a public purpose. If the governing body
25 determines that the development plan or tax increment financing
26 plan, or both, constitutes a public purpose, the governing body may
27 then approve or reject the plan, or approve it with modification,

1 by resolution, based on the following considerations:

2 (a) Whether the development plan meets the requirements set
3 forth in section 415(2) and the tax increment financing plan meets
4 the requirements set forth in section 412(1), (2), and (3).

5 (b) Whether the proposed method of financing the public
6 facility or facilities is feasible and the authority has the
7 ability to arrange the financing.

8 (c) Whether the development is reasonable and necessary to
9 carry out the purposes of this part.

10 (d) Whether the amount of captured assessed value estimated to
11 result from adoption of the plan is reasonable.

12 (e) Whether the land to be acquired under the development plan
13 is reasonably necessary to carry out the purposes of the plan and
14 the purposes of this part.

15 (f) Whether the development plan is in reasonable accord with
16 the approved master plan of the municipality, if an approved master
17 plan exists.

18 (g) Whether public services, such as fire and police
19 protection and utilities, are or will be adequate to service the
20 property.

21 (h) Whether changes in zoning, streets, street levels,
22 intersections, and utilities are reasonably necessary for the
23 project and for the municipality.

24 (2) Except as provided in this subsection, amendments to an
25 approved development plan or tax increment plan must be submitted
26 by the authority to the governing body for approval or rejection
27 following the same notice and public hearing provisions that are

1 necessary for approval or rejection of the original plan. Notice
2 and hearing shall not be necessary for revisions in the estimates
3 of captured assessed value and tax increment revenues.

4 (3) The procedure, adequacy of notice, and findings with
5 respect to purpose and captured assessed value shall be conclusive
6 unless contested in a court of competent jurisdiction within 60
7 days after adoption of the resolution adopting the plan. An
8 amendment, adopted by resolution, to a conclusive plan shall
9 likewise be conclusive unless contested within 60 days after
10 adoption of the resolution adopting the amendment. If a resolution
11 adopting an amendment to the plan is contested, the resolution
12 adopting the plan is not open to contest.

13 Sec. 418. A person to be relocated under this part shall be
14 given not less than 90 days' written notice to vacate unless
15 modified by court order for good cause.

16 Sec. 419. (1) The director of the authority shall prepare and
17 submit for the approval of the board a budget for the operation of
18 the authority for the ensuing fiscal year. The budget shall be
19 prepared in the manner and contain the information required of
20 municipal departments. Before the budget may be adopted by the
21 board, it shall be approved by the governing body. Funds of the
22 municipality shall not be included in the budget of the authority
23 except those funds authorized in this part or by the governing
24 body.

25 (2) The governing body may assess a reasonable pro rata share
26 of the funds for the cost of handling and auditing the funds
27 against the funds of the authority, other than those committed for

9 PART 5

12 Sec. 503. The legislature finds and declares that there exists
13 in this state a need to encourage the development of transportation
14 facilities and the provision of public transportation services by
15 authorizing the acquiring, owning, constructing, furnishing,
16 equipping, completing, operating, improving, and maintaining of
17 nonprofit street railway companies and systems and that public
18 assistance in acquiring, owning, constructing, furnishing,
19 equipping, completing, operating, improving, and maintaining
20 nonprofit street railway companies and systems in this state is
21 declared to be a public purpose. It is the intent of the
22 legislature that a street railway system constructed by a nonprofit
23 corporation under this part be designed to adapt to or connect with
24 other public transit systems. It is the intent of the legislature
25 that resources expended to construct a street railway system under
26 this part qualify as state and local match funds for transit
27 systems eligible for federal funding.

1 Sec. 505. (1) This part shall be construed liberally to
2 effectuate the legislative intent and the purpose of this part as
3 complete and independent authorization for the performance of each
4 and every act and thing authorized in this part and all powers
5 granted in this part shall be broadly interpreted to effectuate the
6 intent and purposes of this part and not as a limitation of powers.

7 (2) The powers conferred in this part upon a street railway
8 shall be in addition to any other powers the street railway
9 possesses under law.

10 (3) Unless permitted by the state constitution of 1963 or this
11 part or agreed to by a street railway, any restrictions, standards,
12 conditions, or prerequisites of a city, village, or township
13 otherwise applicable only to a street railway and enacted after
14 January 12, 2009 do not apply to a street railway. This subsection
15 is intended to prohibit special local legislation or ordinances
16 applicable exclusively or primarily to a street railway and not to
17 exempt a street railway from laws generally applicable to other
18 persons or entities.

19 Sec. 507. As used in this part:

20 (a) "Department" means the state transportation department.

21 (b) "Nonprofit corporation" means that term as defined under
22 section 108 of the nonprofit corporation act, 1982 PA 162, MCL
23 450.2108.

24 (c) "Public street or highway" means any state trunk line
25 highway, county road, or city or village street maintained by a
26 road authority.

27 (d) "Railroad" means that term as defined under section 109 of

1 the railroad code of 1993, 1993 PA 354, MCL 462.109.

2 (e) "Operating license agreement" means an agreement entered
3 into under section 513 by and among a street railway and each road
4 authority with jurisdiction over public streets and highways upon
5 which the street railway operates or seeks to operate a street
6 railway system, including, but not limited to, each city, village,
7 or township road authority in the city, village, or township in
8 which the street railway operates or seeks to operate a street
9 railway system.

10 (f) "Road authority" means each governmental agency with
11 jurisdiction over public streets and highways. Road authority
12 includes the department, any other state agency, and
13 intergovernmental, county, city, and village governmental agencies
14 responsible for the construction, repair, and maintenance of
15 streets and highways. When a street railway operates or seeks to
16 operate a street railway system over public streets and highways
17 over which more than 1 road authority possesses jurisdiction, road
18 authority includes each road authority with jurisdiction over
19 public streets and highways upon which the street railway operates
20 or seeks to operate a street railway system.

21 (g) "Street railway" means a nonprofit corporation organized
22 under this part for the purpose of operating a street railway
23 system other than a railroad train for transporting individuals or
24 property. Street railway includes a nonprofit corporation
25 incorporated under the nonprofit corporation act, 1982 PA 162, MCL
26 450.2101 to 450.3192, by a street railway organized under section
27 511, or by 1 or more members of the board of directors of a street

1 railway for the purpose of assisting the street railway in
2 acquiring, owning, constructing, furnishing, equipping, completing,
3 operating, improving, or maintaining a street railway system or for
4 the purpose of financing a street railway system.

5 (h) "Street railway system" means the facilities, equipment,
6 and personnel required to provide and maintain a public
7 transportation system operated on rails at grade or above or below
8 ground within a city, village, or township utilizing streetcars,
9 trolleys, light rail vehicles, or trams for the transportation of
10 individuals or property. Street railway system also includes
11 necessary power feeds, signals, and stops or stations within a
12 public right-of-way. Street railway system excludes facilities and
13 improvements that are not required to maintain a public
14 transportation system.

15 Sec. 509. (1) After January 12, 2009, 1 or more persons may
16 organize a street railway under this part for the purpose of
17 acquiring, owning, constructing, furnishing, equipping, completing,
18 operating, improving, and maintaining a street railway system by
19 signing in ink and filing articles of incorporation for the street
20 railway. The articles shall include all of the following:

21 (a) The name of the street railway, which shall include the
22 words "rail", "railway", "street railway", "light rail", or "metro
23 rail".

24 (b) The purpose for which the corporation is organized, which
25 shall be limited to acquiring, owning, constructing, furnishing,
26 equipping, completing, operating, improving, and maintaining a
27 street railway system.

1 (c) The city, village, or township in which the street railway
2 system will principally operate.

3 (2) Articles of incorporation shall be filed with the bureau
4 of commercial services of the department of talent and economic
5 development as provided under the nonprofit corporation act, 1982
6 PA 162, MCL 450.2101 to 450.3192.

7 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
8 to 450.3192, shall apply to a street railway organized under this
9 section unless otherwise provided in or inconsistent with this
10 part.

11 Sec. 511. (1) A nonprofit corporation may become a street
12 railway under this part and acquire, own, construct, furnish,
13 equip, complete, operate, improve, and maintain a street railway
14 system in a city if on and after January 12, 2009 the articles of
15 incorporation for the nonprofit corporation are amended to include
16 all of the following provisions:

17 (a) A provision authorizing the name of the corporation, to
18 include the words "rail", "railway", or "street railway", "light
19 rail", or "metro rail".

20 (b) A provision detailing the purposes for which the
21 corporation is organized, which shall be limited to purposes
22 related to acquiring, owning, constructing, furnishing, equipping,
23 completing, operating, improving, and maintaining a street railway
24 system.

25 (c) A provision indicating the city in which the street
26 railway system will principally operate.

27 (2) Amendments to the articles of incorporation of a nonprofit

1 corporation under this section shall be adopted and filed with the
2 bureau of commercial services of the department of talent and
3 economic development as provided under the nonprofit corporation
4 act, 1982 PA 162, MCL 450.2101 to 450.3192.

5 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
6 to 450.3192, shall apply to a street railway organized under this
7 section unless otherwise provided in or inconsistent with this
8 part.

9 Sec. 513. (1) A street railway may acquire, own, construct,
10 furnish, equip, complete, operate, improve, and maintain a street
11 railway system in and upon the streets and highways of a road
12 authority with the approval of the road authority, on terms and
13 conditions imposed by the road authority. The approval shall be
14 embodied in an operating license agreement between a street railway
15 and each road authority with jurisdiction over public streets and
16 highways upon which the street railway operates or seeks to operate
17 a street railway system, including, but not limited to, a city,
18 village, or township road authority located in the city, village,
19 or township in which the street railway system operates or seeks to
20 operate. An operating license agreement shall include the terms and
21 conditions for operation of the street railway system. An operating
22 license agreement may require the street railway to pay the direct
23 administrative costs incurred by the road authority in
24 administering the operating license agreement. An operating license
25 agreement shall not require a street railway to acquire, accept
26 responsibility for, or obligate itself to assume liability for or
27 pay for any legacy costs of a public transportation provider.

1 Before approving a proposed operating license agreement, a road
2 authority shall hold a public hearing on the proposed operating
3 license agreement. The hearing shall be held in the city, village,
4 or township in which the street railway seeks to operate a street
5 railway system and shall be held in compliance with the open
6 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the
7 public hearing shall be provided not less than 20 days before the
8 date of the hearing. One or more road authorities may conduct a
9 joint public hearing under this section. At a public hearing, a
10 street railway and a road authority may present information
11 regarding the proposed operating licensing agreement. When
12 operating in and upon the streets and highways of a road authority,
13 a street railway is subject to rules, regulations, or ordinances
14 imposed by the road authority. A street railway shall not construct
15 a street railway system in and upon the streets and highways of a
16 road authority until the street railway accepts in writing any
17 terms and conditions imposed by the road authority, the operating
18 license agreement is approved under this section, and the agreement
19 is filed with each road authority with jurisdiction over public
20 streets and highways upon which the street railway will operate. A
21 road authority may approve or disapprove an operating license
22 agreement. A decision of a road authority regarding an operating
23 license agreement is final and binding upon a street railway and
24 other interested persons. The street railway shall pay a road
25 authority for all of the road authority's costs incurred in
26 constructing the street railway system, mitigating the impact of
27 the street railway system on road users, the environment, and the

1 surrounding neighborhoods, and modifying the streets or highways
2 impacted by construction of the street railway system, as provided
3 in the operating license agreement. As a condition to obtaining or
4 holding an operating license agreement, a road authority shall not
5 require a street railway to obtain any other license or franchise,
6 assess any other fee or charge, or impose any other licensing,
7 regulatory, or franchise requirement, including a provision
8 regulating schedules or fares of a street railway, unless expressly
9 authorized under this part.

10 (2) A street railway may acquire, own, construct, furnish,
11 equip, complete, operate, improve, and maintain a street railway
12 system upon public or private rights of way, and obtain easements
13 when necessary for a street railway to acquire and use private
14 property for acquiring, owning, constructing, furnishing,
15 equipping, completing, operating, improving, and maintaining a
16 street railway system.

17 (3) After a road authority consents to the acquiring, owning,
18 constructing, furnishing, equipping, completing, operating,
19 improving, and maintaining of a street railway system on the
20 streets or highways of the road authority or grants a right or
21 privilege to the street railway by entering into an operating
22 license agreement with the street railway, the road authority may
23 not revoke the consent or deprive the street railway of the rights
24 and privileges conferred without affording the street railway
25 procedural due process of law if and to the extent provided in the
26 operating license agreement.

27 (4) A street railway may do 1 or more of the following:

1 (a) Acquire by gift, devise, transfer, exchange, purchase,
2 lease, or otherwise on terms and conditions and in a manner the
3 street railway considers proper property or rights or interests in
4 property relating to the operation of the street railway or street
5 railway system.

6 (b) Take, transport, or carry and convey individuals and
7 property on a street railway system and receive just and fair
8 compensation from users of the street railway system for that
9 purpose.

10 (c) Erect and maintain all necessary and convenient buildings,
11 structures, stations, depots, fixtures, and machinery for the
12 accommodation and use of individuals and property transported by
13 the street railway.

14 (d) Regulate the time and manner in which individuals and
15 property are transported by the street railway and fares or other
16 compensation are paid for that purpose. A street railway may charge
17 just and fair compensation for the use of its street railway
18 system.

19 (e) Borrow money and issue bonds and notes for any
20 indebtedness incurred and mortgage street railway property and
21 rights to secure the payment of bonds, notes, money borrowed, and
22 any and all debts and liabilities incurred by the street railway. A
23 street railway shall not use tax increments to repay bonds and
24 notes.

25 (f) Transfer a street railway system to a public entity
26 operating a public transportation system, with the consent of the
27 public entity, if the transfer is authorized by a law enacted after

1 January 12, 2009.

2 (5) As used in this section, "public transportation provider"
3 means that term as defined in section 2 of the regional transit
4 authority act, 2012 PA 387, MCL 124.542.

5 Sec. 515. (1) Subject to applicable law and applicable
6 regulations of this state, a city, a township, or a village, a
7 street railway may generate, store, transmit, distribute, dispense,
8 furnish, or use electricity and electric power for use or
9 consumption by the street railway and the street railway system.

10 (2) For a street railway that constructs, expands, or modifies
11 a street railway system outside of a qualified city, if the street
12 railway requests a public utility to modify or relocate facilities
13 of the public utility that lie within a public street or highway
14 right of way, or if, in response to the construction, expansion, or
15 modification of a street railway system a public utility determines
16 that the public utility should modify or relocate the public
17 utility's facilities, consistent with law, regulation, or sound
18 utility practice and unless the street railway and the public
19 utility agree otherwise, the street railway shall pay all costs of
20 the relocation and modification of the facilities to the public
21 utility.

22 (3) A street railway that constructs, expands, or modifies a
23 street railway system in a qualified city shall protect and keep in
24 place the facilities of a public utility affected by the
25 construction, expansion, or modification of the street railway
26 system in a public highway, street, or right-of-way unless sound
27 utility practice requires modification or relocation of the

1 facilities. If sound utility practice requires modification or
2 relocation of the facilities, the street railway shall pay the cost
3 of the modification or relocation, unless 1 or both of the
4 following apply:

5 (a) Modification or relocation of the public utility's
6 facilities is required because the facilities are at an
7 unauthorized location in the public highway, street, or right-of-
8 way. If the facilities are located anywhere in a public highway,
9 street, or right-of-way, there is a rebuttable presumption that the
10 public utility's facilities are at an authorized location in the
11 public highway, street, or right-of-way.

12 (b) The street railway and the public utility agree to an
13 alternative cost allocation.

14 (4) Notwithstanding subsection (3), a qualified city and a
15 street railway may agree that the street railway pay the cost of
16 modifying or relocating a public utility's facilities in the
17 qualified city if the modification or relocation is required by the
18 modification or relocation of a street railway system by the street
19 railway in a public highway, street, or right-of-way in the
20 qualified city.

21 (5) The property of a street railway and its income and
22 operations are exempt from all taxation by this state or a
23 political subdivision of this state.

24 (6) A public utility or a street railway may bring an action
25 in circuit court to enforce the provisions of this section. This
26 remedy is in addition to any other remedy that may exist at law.

27 (7) As used in this section:

1 (a) "Public utility" includes a provider of communications,
2 data, cable television, electricity, heat, natural or manufactured
3 gas, steam, sewage, video, water, or other similar services. Public
4 utility also includes a telecommunications provider and a video
5 service provider.

6 (b) "Qualified city" means a city that has incorporated an
7 authority under the municipal lighting authority act, 2012 PA 392,
8 MCL 123.1261 to 123.1295.

9 (c) "Telecommunications provider" means that term as defined
10 in section 102 of the Michigan telecommunications act, 1991 PA 179,
11 MCL 484.2102.

12 (d) "Video service provider" means that term as defined in
13 section 1 of the uniform video services local franchise act, 2006
14 PA 480, MCL 484.3301.

15 Sec. 517. (1) In constructing a street railway system, a
16 street railway shall conform to grades established by a road
17 authority for a public street or highway traversed by the street
18 railway.

19 (2) A street railway shall not alter or change the grade or
20 line of any public street or highway, without the consent of the
21 road authority with public jurisdiction over the public street or
22 highway.

23 (3) A street railway shall lay and maintain the track of a
24 street railway system in a manner and with the type of track to
25 keep the track and the pavement of the public street or highway
26 adjacent to the track in a state of condition and repair as
27 prescribed by the road authority with jurisdiction over the public

1 street or highway.

2 Sec. 519. A road authority may establish and prescribe rules
3 and regulations applicable to a street railway operating in or upon
4 a public street or highway under the jurisdiction of a road
5 authority relating to 1 or more of the following subjects:

6 (a) Grading, paving, obstruction, or repairing of a street or
7 highway.

8 (b) Construction, maintenance, or obstruction of public
9 service facilities and infrastructure, including water, light,
10 heat, power, sewage disposal, and transportation.

11 (c) Construction, maintenance, or obstruction of traffic
12 control and parking control facilities and infrastructure.

13 Sec. 521. (1) If a person refuses to pay a fare owed to a
14 street railway or refuses to obey regulations established by the
15 street railway for the convenience and safety of passengers, the
16 street railway may remove the person from the streetcar, tram, or
17 trolley at a usual stopping place.

18 (2) A person who causes or attempts to cause the derailment of
19 a streetcar, tram, or trolley of a street railway by the placing of
20 an impediment upon the track of a street railway, whether the
21 streetcar, tram, or trolley is dislodged from the track or not, or
22 who by any other means whatsoever willfully endangers or attempts
23 to endanger the life of any person engaged in the work of the
24 street railway, or any person traveling on the streetcar, tram, or
25 trolley of the street railway, is guilty of a felony punishable by
26 imprisonment for life or any number of years. Proof that the person
27 intended to injure or endanger the life of any particular person is

1 not required to prove a violation of this section.

2 (3) A person who throws a stone, brick, or other missile at a
3 streetcar, tram, or trolley of a street railway is guilty of a
4 misdemeanor punishable by a fine of not less than \$100.00 or more
5 than \$500.00 or imprisonment for not less than 10 days or more than
6 90 days, or both.

7 Sec. 523. (1) At the request of a street railway, and with the
8 consent of the department, a city, village, or township in which a
9 street railway system is located may establish a transit operations
10 finance zone for a street railway system if the city, village, or
11 township and the department determine that it is necessary for the
12 best interests of the public to promote and finance transit
13 operations in a zone. A parcel shall not be included in more than 1
14 zone created under this section.

15 (2) The boundaries of a zone shall be established by the city,
16 village, or township and may include parcels that are in whole or
17 in part up to 1/4 mile in distance from the street railway system.
18 Before establishing a zone, the city, village, or township shall
19 consult with the street railway, the department, affected taxing
20 jurisdictions, and any other person or entity that the city,
21 village, or township considers necessary. The city, village, or
22 township may conduct a planning study and may designate a zone
23 before implementation of street railway system service within the
24 zone.

25 (3) If the city, village, or township and the department
26 determine that it is necessary for the best interests of the public
27 to promote and finance transit operations in a zone under

1 subsection (1), the city, village, or township shall enter into an
2 agreement with the street railway and the department for the
3 creation of a zone. The agreement shall include, but not be limited
4 to, all of the following:

5 (a) The geographic boundaries of the zone, including both of
6 the following:

7 (i) The designation of boundaries of the zone in relation to
8 highways, streets, streams, lakes, other bodies of water, or
9 otherwise.

10 (ii) The location and extent of existing streets and other
11 public facilities within the zone, designating the location,
12 character, and extent of the categories of public and private land
13 uses then existing in the zone, including residential,
14 recreational, commercial, industrial, educational, and other uses,
15 and including a legal description of the zone.

16 (b) A tax increment financing plan for the zone as provided
17 under subsection (4).

18 (c) A description of specific actions to be taken by the
19 parties under the agreement to help establish the zone.

20 (d) The requirement that amendments to the agreement must be
21 approved by the city, village, or township, the department, and the
22 street railway.

23 (e) Any other material that the city, village, or township,
24 the department, or the street railway consider necessary or
25 appropriate.

26 (4) A tax increment financing plan for a zone established
27 under this section shall include a description of the tax increment

1 financing procedure, the distribution of tax increment financing
2 revenue to the street railway, and a statement of the estimated
3 impact of tax increment financing on the assessed value of property
4 in each taxing jurisdiction in the zone. The plan may exclude from
5 captured assessed value growth in property value resulting solely
6 from inflation and, if so, shall include the method for excluding
7 that growth. The plan shall require that tax increment revenue
8 received by a street railway under the plan be used only for the
9 expenses of operating the street railway system. If the street
10 railway subject to an agreement designating a zone under this
11 section ceases to operate a street railway system in the city,
12 village, or township that established the zone, the plan shall
13 terminate and the zone shall be abolished. The plan shall restrict
14 the revenue distributed to a street railway for any tax year to the
15 lesser of 25% of any operating deficit of the street railway for
16 the prior fiscal year or \$4,000,000.00. Before including a tax
17 increment financing plan in an agreement, the city, village, or
18 township shall provide taxing jurisdictions in the zone levying
19 taxes subject to capture under the plan an opportunity to meet with
20 the city, village, or township. The city, village, or township
21 shall fully inform the taxing jurisdictions of the fiscal and
22 economic implications of the plan and the taxing jurisdictions may
23 present recommendations to the city, village, or township on the
24 tax increment financing plan.

25 (5) Before entering into an agreement for the creation of a
26 zone under this section, the city, village, or township shall
27 conduct a public hearing on the proposed agreement. Notice of the

1 public hearing shall be published twice in a newspaper of general
2 circulation in the city, village, or township, not less than 20 or
3 more than 40 days before the date of the hearing. The notice shall
4 state the date, time, and place of the hearing and shall describe
5 the proposed boundaries of the zone. A citizen, taxpayer, or
6 property owner of the city, village, or township, or an official
7 from a taxing jurisdiction within the zone has the right to be
8 heard on the agreement and the proposed boundaries of the zone. The
9 agreement shall not include in the zone land not included in the
10 description contained in the notice of public hearing, but the
11 agreement may exclude described land from the zone in the final
12 determination of the boundaries of the zone. A city, village, or
13 township shall not execute an agreement for the creation of a zone
14 under this section unless the city, village, or township finds that
15 it is necessary for the best interests of the public to promote and
16 finance transit operations in a zone.

17 (6) An agreement designating a zone and establishing its
18 boundaries under this section and any amendments to the agreement
19 shall be filed by the city, village, or township with the secretary
20 of state.

21 (7) The municipal and county treasurers shall transmit tax
22 increment revenues to the treasurer for the city, village, or
23 township in which the street railway system is located for
24 distribution to the street railway according to the tax increment
25 financing plan and the agreement. The street railway shall expend
26 the tax increment revenues only under the terms of the tax
27 increment financing plan and the agreement under this section.

1 Unused funds shall revert proportionately to the respective taxing
2 jurisdictions. Tax increment revenues shall not be used to
3 circumvent existing property tax limitations. The city, village, or
4 township and the department may abolish the zone if the city,
5 village, or township and the department find that the purposes for
6 which the zone was established are accomplished. Annually, the
7 city, village, or township, with assistance from the street
8 railway, shall submit to the department and the state tax
9 commission a report on the status of the tax increment financing
10 revenue. The report shall include all of the following:

11 (a) The amount and source of tax increment revenue received by
12 the street railway.

13 (b) The amount and purpose of expenditures from tax increment
14 revenue.

15 (c) The initial assessed value of the zone.

16 (d) The captured assessed value retained within the zone.

17 (e) A description of operating expenditures of the street
18 railway.

19 (8) The state tax commission may institute proceedings to
20 compel enforcement of this section. The state tax commission may
21 promulgate rules necessary for the administration of this section
22 under the administrative procedures act of 1969, 1969 PA 306, MCL
23 24.201 to 24.328.

24 (9) As used in this section:

25 (a) "Assessed value" means the taxable value as determined
26 under section 27a of the general property tax act, 1893 PA 206, MCL
27 211.27a.

1 (b) "Captured assessed value" means the amount in any 1 year
2 by which the current assessed value of a zone, including the
3 assessed value of property for which specific local taxes are paid
4 in lieu of property taxes, exceeds the initial assessed value. The
5 state tax commission shall prescribe the method for calculating
6 captured assessed value.

7 (c) "Initial assessed value" means the assessed value of all
8 the taxable property within the boundaries of a zone at the time
9 the tax increment financing plan is approved, as shown by the most
10 recent equalized assessment roll of the city, village, or township
11 at the time an agreement is approved under this section. Property
12 exempt from taxation at the time of the determination of the
13 initial assessed value shall be included as zero. For the purpose
14 of determining initial assessed value, property for which a
15 specific local tax is paid in lieu of a property tax shall not be
16 considered to be property that is exempt from taxation.

17 (d) "Parcel" means an identifiable unit of land that is
18 treated as separate for valuation or zoning purposes.

19 (e) "Specific local tax" means a tax levied under 1974 PA 198,
20 1976 PA 430, MCL 207.551 to 207.572, the commercial redevelopment
21 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
22 development act, 1984 PA 385, MCL 207.701 to 207.718, the
23 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
24 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
25 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
26 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The
27 initial assessed value or current assessed value of property

1 subject to a specific local tax shall be the quotient of the
2 specific local tax paid divided by the ad valorem millage rate. The
3 state tax commission shall prescribe the method for calculating the
4 initial assessed value and current assessed value of property for
5 which a specific local tax was paid in lieu of a property tax.

6 (f) "Tax increment revenues" means the amount of ad valorem
7 property taxes and specific local taxes attributable to the
8 application of the levy of all taxing jurisdictions upon the
9 captured assessed value of real and personal property in the zone.

10 Tax increment revenues do not include any of the following:

11 (i) Taxes under the state education tax act, 1993 PA 331, MCL
12 211.901 to 211.906.

13 (ii) Taxes levied by local or intermediate school districts.

14 (iii) Taxes levied by a library established by 1901 LA 359.

15 (iv) Ad valorem property taxes attributable either to a
16 portion of the captured assessed value shared with taxing
17 jurisdictions within the jurisdictional area of the authority or to
18 a portion of value of property that may be excluded from captured
19 assessed value or specific local taxes attributable to the ad
20 valorem property taxes.

21 (v) Ad valorem property taxes excluded by the tax increment
22 financing plan of the authority from the determination of the
23 amount of tax increment revenues to be transmitted to the authority
24 or specific local taxes attributable to the ad valorem property
25 taxes.

26 (vi) Ad valorem property taxes exempted from capture under
27 this section or specific local taxes attributable to the ad valorem

1 property taxes.

2 (vii) Ad valorem property taxes specifically levied for the
3 payment of principal and interest of obligations approved by the
4 electors or obligations pledging the unlimited taxing power of the
5 local governmental unit or specific taxes attributable to those ad
6 valorem property taxes.

7 (viii) Ad valorem taxes captured on property in a zone by any
8 of the following authorities if the taxes were captured on the date
9 that the property became subject to a tax increment financing plan
10 under this section by any of the following authorities:

11 (A) A downtown development authority created under 1975 PA
12 197, MCL 125.1651 to 125.1681.

13 (B) A water resource improvement tax increment finance
14 authority created under the water resource improvement tax
15 increment finance authority act, 2008 PA 94, MCL 125.1771 to
16 125.1794.

17 (C) A tax increment finance authority under the tax increment
18 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

19 (D) A local development finance authority created under the
20 local development finance authority act, 1986 PA 281, MCL 125.2151
21 to 125.2174.

22 (E) A brownfield redevelopment finance authority created under
23 the brownfield redevelopment financing act, 1996 PA 381, MCL
24 125.2651 to 125.2672.

25 (F) A historical neighborhood tax increment finance authority
26 created under the historical neighborhood tax increment finance
27 authority act, 2004 PA 530, MCL 125.2841 to 125.2866.

1 (G) A corridor improvement authority created under the
2 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
3 125.2899.

4 (H) A neighborhood improvement authority created under the
5 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
6 125.2932.

7 (ix) Ad valorem property taxes levied under 1 or more of the
8 following or specific local taxes attributable to those ad valorem
9 property taxes:

10 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
11 to 123.1183.

12 (B) The art institute authorities act, 2010 PA 296, MCL
13 123.1201 to 123.1229.

14 (g) "Zone" means a transit operations finance zone established
15 under this section.

16 Sec. 527. (1) Within 30 days of January 12, 2009, the
17 secretary of state or any other agency having records of a street
18 railway formed under this part prior to January 12, 2009 shall
19 certify and transfer the records to the bureau of commercial
20 services of the department of talent and economic development.

21 (2) Any entity formed on or after January 12, 2009 for the
22 purpose of acquiring, owning, constructing, furnishing, equipping,
23 completing, operating, improving, and maintaining a street railway
24 or street railway system shall be organized under this part.

25 (3) A street railway is not subject to the railroad code of
26 1993, 1993 PA 354, MCL 462.101 to 462.451.

27 PART 6

1 Sec. 601. This part shall be known and may be cited as the
2 "corridor improvement authority part".

3 Sec. 602. As used in this part:

4 (a) "Advance" means a transfer of funds made by a municipality
5 to an authority or to another person on behalf of the authority in
6 anticipation of repayment by the authority. Evidence of the intent
7 to repay an advance may include, but is not limited to, an executed
8 agreement to repay, provisions contained in a tax increment
9 financing plan approved prior to the advance, or a resolution of
10 the authority or the municipality.

11 (b) "Assessed value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

14 (c) "Authority" means a corridor improvement authority created
15 under section 604(1) or a joint authority created under section
16 604(2).

17 (d) "Board" means the governing body of an authority.

18 (e) "Business district" means an area of a municipality zoned
19 and used principally for business.

20 (f) "Captured assessed value" means the amount in any 1 year
21 by which the current assessed value of the development area,
22 including the assessed value of property for which specific local
23 taxes are paid in lieu of property taxes as determined in section
24 603(e), exceeds the initial assessed value. The state tax
25 commission shall prescribe the method for calculating captured
26 assessed value.

27 (g) "Chief executive officer" means the mayor of a city, the

1 president of a village, or the supervisor of a township.

2 (h) "Development area" means that area described in section
3 605 to which a development plan is applicable.

4 (i) "Development plan" means that information and those
5 requirements for a development area set forth in section 621.

6 (j) "Development program" means the implementation of the
7 development plan.

8 (k) "Fiscal year" means the fiscal year of the authority.

9 (l) "Governing body" or "governing body of a municipality"
10 means the elected body of a municipality having legislative powers
11 or, for a joint authority created under section 604(2), the elected
12 body of each municipality having legislative powers that is a
13 member of the joint authority.

14 (m) "Initial assessed value" means the assessed value, as
15 equalized, of all the taxable property within the boundaries of the
16 development area at the time the resolution establishing or
17 amending the tax increment financing plan is approved, as shown by
18 the most recent assessment roll of the municipality for which
19 equalization has been completed at the time the resolution is
20 adopted. The initial assessed value may be modified once during the
21 term of the tax increment financing plan through an amendment as
22 provided in section 618(4) after the tax increment financing plan
23 fails to generate captured assessed value for 3 consecutive years
24 due to declines in assessed value. Property exempt from taxation at
25 the time of the determination of the initial or amended assessed
26 value shall be included as zero. For the purpose of determining
27 initial or amended assessed value, property for which a specific

1 local tax is paid in lieu of a property tax shall not be considered
2 to be property that is exempt from taxation. The initial assessed
3 value of property for which a specific local tax was paid in lieu
4 of a property tax shall be determined as provided in section
5 603(e).

6 (n) "Land use plan" means a plan prepared under former 1921 PA
7 207, former 1943 PA 184, or a site plan under the Michigan zoning
8 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

9 (o) "Municipality" means 1 of the following:

10 (i) A city.

11 (ii) A village.

12 (iii) A township.

13 (iv) A combination of 2 or more cities, villages, or townships
14 acting jointly under a joint authority created under section
15 604(2).

16 Sec. 603. As used in this part:

17 (a) "Operations" means office maintenance, including salaries
18 and expenses of employees, office supplies, consultation fees,
19 design costs, and other expenses incurred in the daily management
20 of the authority and planning of its activities.

21 (b) "Parcel" means an identifiable unit of land that is
22 treated as separate for valuation or zoning purposes.

23 (c) "Public facility" means a street, plaza, pedestrian mall,
24 and any improvements to a street, plaza, or pedestrian mall
25 including street furniture and beautification, sidewalk, trail,
26 lighting, traffic flow modification, park, parking facility,
27 recreational facility, right-of-way, structure, waterway, bridge,

1 lake, pond, canal, utility line or pipe, transit-oriented
2 development, transit-oriented facility, or building, including
3 access routes, that are either designed and dedicated to use by the
4 public generally or used by a public agency, or that are located in
5 a qualified development area and are for the benefit of or for the
6 protection of the health, welfare, or safety of the public
7 generally, whether or not used by 1 or more business entities,
8 provided that any road, street, or bridge shall be continuously
9 open to public access and that other property shall be located in
10 public easements or rights-of-way and designed to accommodate
11 foreseeable development of public facilities in adjoining areas.
12 Public facility includes an improvement to a facility used by the
13 public or a public facility as those terms are defined in section 1
14 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
15 barrier-free design requirements of the state construction code
16 promulgated under the Stille-DeRossett-Hale single state
17 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

18 (d) "Qualified development area" means a development area that
19 meets 1 of the following:

20 (i) All of the following:

21 (A) Is located within a city with a population of 700,000 or
22 more.

23 (B) Contains at least 30 contiguous acres.

24 (C) Was owned by this state on December 31, 2003 and was
25 conveyed to a private owner before June 30, 2004.

26 (D) Is zoned to allow for mixed use that includes commercial
27 use and that may include residential use.

1 (E) Otherwise complies with the requirements of section
2 605(a), (d), (e), and (g).

3 (F) Construction within the qualified development area begins
4 on or before the date 2 years after the effective date of the
5 amendatory act that added this subdivision.

6 (G) Is located in a distressed area.

7 (ii) Contains transit-oriented development or a transit-
8 oriented facility.

9 (e) "Specific local tax" means a tax levied under 1974 PA 198,
10 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
11 255, MCL 207.651 to 207.668, the technology park development act,
12 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
13 211.182. The initial assessed value or current assessed value of
14 property subject to a specific local tax shall be the quotient of
15 the specific local tax paid divided by the ad valorem millage rate.
16 The state tax commission shall prescribe the method for calculating
17 the initial assessed value and current assessed value of property
18 for which a specific local tax was paid in lieu of a property tax.

19 (f) "State fiscal year" means the annual period commencing
20 October 1 of each year.

21 (g) "Tax increment revenues" means the amount of ad valorem
22 property taxes and specific local taxes attributable to the
23 application of the levy of all taxing jurisdictions upon the
24 captured assessed value of real and personal property in the
25 development area. Except as otherwise provided in section 29, tax
26 increment revenues do not include any of the following:

27 (i) Taxes under the state education tax act, 1993 PA 331, MCL

1 211.901 to 211.906.

2 (ii) Taxes levied by local or intermediate school districts.

3 (iii) Ad valorem property taxes attributable either to a
4 portion of the captured assessed value shared with taxing
5 jurisdictions within the jurisdictional area of the authority or to
6 a portion of value of property that may be excluded from captured
7 assessed value or specific local taxes attributable to the ad
8 valorem property taxes.

9 (iv) Ad valorem property taxes excluded by the tax increment
10 financing plan of the authority from the determination of the
11 amount of tax increment revenues to be transmitted to the authority
12 or specific local taxes attributable to the ad valorem property
13 taxes.

14 (v) Ad valorem property taxes exempted from capture under
15 section 618(5) or specific local taxes attributable to the ad
16 valorem property taxes.

17 (vi) Ad valorem property taxes specifically levied for the
18 payment of principal and interest of obligations approved by the
19 electors or obligations pledging the unlimited taxing power of the
20 local governmental unit or specific taxes attributable to those ad
21 valorem property taxes.

22 (vii) Ad valorem property taxes levied under 1 or more of the
23 following or specific local taxes attributable to those ad valorem
24 property taxes:

25 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
26 to 123.1183.

27 (B) The art institute authorities act, 2010 PA 296, MCL

1 123.1201 to 123.1229.

2 (h) "Transit-oriented development" means infrastructural
3 improvements that are located within 1/2 mile of a transit station
4 or transit-oriented facility that promotes transit ridership or
5 passenger rail use as determined by the board and approved by the
6 municipality in which it is located.

7 (i) "Transit-oriented facility" means a facility that houses a
8 transit station in a manner that promotes transit ridership or
9 passenger rail use.

10 (j) "Distressed area" means a local governmental unit that
11 meets all of the following:

12 (i) Has a population of 700,000 or more.

13 (ii) Shows a negative population change from 1970 to the date
14 of the most recent federal decennial census.

15 (iii) Shows an overall increase in the state equalized value
16 of real and personal property of less than the statewide average
17 increase since 1972.

18 (iv) Has a poverty rate, as defined by the most recent federal
19 decennial census, greater than the statewide average.

20 (v) Has had an unemployment rate higher than the statewide
21 average.

22 Sec. 604. (1) Except as otherwise provided in this subsection,
23 a municipality may establish multiple authorities. A parcel of
24 property shall not be included in more than 1 authority created
25 under this part.

26 (2) A city, village, or township located in a county with a
27 population of more than 335,000 and less than 415,000 and that has

1 not less than 2 state public universities within its boundaries may
2 by resolution join with 1 or more cities, villages, or townships
3 located in a county with a population of more than 335,000 and less
4 than 415,000 and that has not less than 2 state public universities
5 within its boundaries to create a joint authority under this act.

6 (3) An authority is a public body corporate which may sue and
7 be sued in any court of this state. An authority possesses all the
8 powers necessary to carry out its purpose. The enumeration of a
9 power in this part shall not be construed as a limitation upon the
10 general powers of an authority.

11 Sec. 605. A development area shall only be established in a
12 municipality and, except for a development area located in a
13 qualified development area, shall comply with all of the following
14 criteria:

15 (a) Is adjacent to or is within 500 feet of a road classified
16 as an arterial or collector according to the Federal Highway
17 Administration manual "Highway Functional Classification -
18 Concepts, Criteria and Procedures".

19 (b) Contains at least 10 contiguous parcels or at least 5
20 contiguous acres.

21 (c) More than 1/2 of the existing ground floor square footage
22 in the development area is classified as commercial real property
23 under section 34c of the general property tax act, 1893 PA 206, MCL
24 211.34c.

25 (d) Residential use, commercial use, or industrial use has
26 been allowed and conducted under the zoning ordinance or conducted
27 in the entire development area, for the immediately preceding 30

1 years.

2 (e) Is presently served by municipal water or sewer.

3 (f) Is zoned to allow for mixed use that includes high-density
4 residential use.

5 (g) The municipality agrees to all of the following:

6 (i) To expedite the local permitting and inspection process in
7 the development area.

8 (ii) To modify its master plan to provide for walkable
9 nonmotorized interconnections, including sidewalks and streetscapes
10 throughout the development area.

11 Sec. 606. (1) If the governing body of a municipality
12 determines that it is necessary for the best interests of the
13 public to redevelop its commercial corridors and to promote
14 economic growth, the governing body may, by resolution, do 1 of the
15 following:

16 (a) Declare its intention to create and provide for the
17 operation of an authority.

18 (b) Declare its intention to jointly create and provide for
19 the operation of a joint authority created under section 604(2).

20 (2) In the resolution of intent, the governing body shall
21 state that the proposed development area meets the criteria in
22 section 605, set a date for a public hearing on the adoption of a
23 proposed resolution creating the authority, and designate the
24 boundaries of the development area. Notice of the public hearing
25 shall be published twice in a newspaper of general circulation in
26 the municipality, not less than 20 or more than 40 days before the
27 date of the hearing. Not less than 20 days before the hearing, the

1 governing body proposing to create the authority shall also mail
2 notice of the hearing to the property taxpayers of record in the
3 proposed development area, to the governing body of each taxing
4 jurisdiction levying taxes that would be subject to capture if the
5 authority is established and a tax increment financing plan is
6 approved, and to the state tax commission. Failure of a property
7 taxpayer to receive the notice does not invalidate these
8 proceedings. Notice of the hearing shall be posted in at least 20
9 conspicuous and public places in the proposed development area not
10 less than 20 days before the hearing. The notice shall state the
11 date, time, and place of the hearing and shall describe the
12 boundaries of the proposed development area. A citizen, taxpayer,
13 or property owner of the municipality or an official from a taxing
14 jurisdiction with millage that would be subject to capture has the
15 right to be heard in regard to the establishment of the authority
16 and the boundaries of the proposed development area. The governing
17 body of the municipality shall not incorporate land into the
18 development area not included in the description contained in the
19 notice of public hearing, but it may eliminate described lands from
20 the development area in the final determination of the boundaries.

21 (3) Not less than 60 days after the public hearing, if the
22 governing body of the municipality intends to proceed with the
23 establishment of the authority it shall adopt, by majority vote of
24 its members, a resolution establishing the authority and
25 designating the boundaries of the development area within which the
26 authority shall exercise its powers. The adoption of the resolution
27 is subject to any applicable statutory or charter provisions in

1 respect to the approval or disapproval by the chief executive or
2 other officer of the municipality and the adoption of a resolution
3 over his or her veto. This resolution shall be filed with the
4 secretary of state promptly after its adoption and shall be
5 published at least once in a newspaper of general circulation in
6 the municipality.

7 (4) The governing body of the municipality may alter or amend
8 the boundaries of the development area to include or exclude lands
9 from the development area in the same manner as adopting the
10 resolution creating the authority.

11 (5) A municipality that has created an authority may enter
12 into an agreement with an adjoining municipality that has created
13 an authority to jointly operate and administer those authorities
14 under an interlocal agreement under the urban cooperation act of
15 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal
16 agreement shall include, but is not limited to, a plan to
17 coordinate and expedite local inspections and permit approvals, a
18 plan to address contradictory zoning requirements, and a date
19 certain to implement all provisions of these plans. If a
20 municipality enters into an interlocal agreement under this
21 subsection, the municipality shall provide a copy of that
22 interlocal agreement to the state tax commission within 60 days of
23 entering into the interlocal agreement.

24 Sec. 607. If a development area is part of an area annexed to
25 or consolidated with another municipality, the authority managing
26 that development area shall become an authority of the annexing or
27 consolidated municipality. Obligations of that authority incurred

1 under a development or tax increment plan, agreements related to a
2 development or tax increment plan, and bonds issued under this part
3 shall remain in effect following the annexation or consolidation.

4 Sec. 608. (1) Except as provided in subsection (7) or as
5 otherwise provided in subsection (8), an authority shall be under
6 the supervision and control of a board consisting of the chief
7 executive officer of the municipality or his or her assignee and
8 not less than 5 or more than 9 members as determined by the
9 governing body of the municipality. Members shall be appointed by
10 the chief executive officer of the municipality, subject to
11 approval by the governing body of the municipality. Not less than a
12 majority of the members shall be persons having an ownership or
13 business interest in property located in the development area. At
14 least 1 of the members shall be a resident of the development area
15 or of an area within 1/2 mile of any part of the development area.
16 Of the members first appointed, an equal number of the members, as
17 near as is practicable, shall be appointed for 1 year, 2 years, 3
18 years, and 4 years. A member shall hold office until the member's
19 successor is appointed. After the initial appointment, each member
20 shall serve for a term of 4 years. An appointment to fill a vacancy
21 shall be made by the chief executive officer of the municipality
22 for the unexpired term only. Members of the board shall serve
23 without compensation, but shall be reimbursed for actual and
24 necessary expenses. The chairperson of the board shall be elected
25 by the board.

26 (2) Before assuming the duties of office, a member shall
27 qualify by taking and subscribing to the constitutional oath of

1 office.

2 (3) The proceedings and rules of the board are subject to the
3 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
4 shall adopt rules governing its procedure and the holding of
5 regular meetings, subject to the approval of the governing body.
6 Special meetings may be held if called in the manner provided in
7 the rules of the board.

8 (4) After having been given notice and an opportunity to be
9 heard, a member of the board may be removed for cause by the
10 governing body.

11 (5) All expense items of the authority shall be publicized
12 monthly and the financial records shall always be open to the
13 public.

14 (6) A writing prepared, owned, used, in the possession of, or
15 retained by the board in the performance of an official function is
16 subject to the freedom of information act, 1976 PA 442, MCL 15.231
17 to 15.246.

18 (7) If the boundaries of the development area are the same as
19 those of a business improvement district established under 1961 PA
20 120, MCL 125.981 to 125.990m, the governing body of the
21 municipality may provide that the members of the board of the
22 authority shall be the members of the board of the business
23 improvement district and 1 person shall be a resident of the
24 development area or of an area within 1/2 mile of any part of the
25 development area.

26 (8) If 2 or more cities, villages, or townships create a joint
27 authority under section 604(2), the board shall consist of up to 3

1 individuals appointed by the chief executive officer of each city,
2 village, or township that is a member of the joint authority. Each
3 of those individuals shall be appointed for initial staggered terms
4 of 2 years, 3 years, or 4 years. A member shall hold office until
5 the member's successor is appointed. After the initial appointment,
6 each member shall serve for a term of 4 years. An appointment to
7 fill a vacancy shall be made by the chief executive officer of the
8 city, village, or township for the unexpired term only. Members of
9 the board shall serve without compensation, but shall be reimbursed
10 for actual and necessary expenses. The chairperson of the board
11 shall be elected by the board.

12 Sec. 609. (1) The board may employ and fix the compensation of
13 a director, subject to the approval of the governing body of the
14 municipality. The director shall serve at the pleasure of the
15 board. A member of the board is not eligible to hold the position
16 of director. Before beginning his or her duties, the director shall
17 take and subscribe to the constitutional oath, and furnish bond, by
18 posting a bond in the sum determined in the resolution establishing
19 the authority payable to the authority for use and benefit of the
20 authority, approved by the board, and filed with the municipal
21 clerk. The premium on the bond shall be considered an operating
22 expense of the authority, payable from funds available to the
23 authority for expenses of operation. The director shall be the
24 chief executive officer of the authority. Subject to the approval
25 of the board, the director shall supervise and be responsible for
26 the preparation of plans and the performance of the functions of
27 the authority in the manner authorized by this part. The director

1 shall attend the meetings of the board and shall provide to the
2 board and to the governing body of the municipality a regular
3 report covering the activities and financial condition of the
4 authority. If the director is absent or disabled, the board may
5 designate a qualified person as acting director to perform the
6 duties of the office. Before beginning his or her duties, the
7 acting director shall take and subscribe to the oath, and furnish
8 bond, as required of the director. The director shall furnish the
9 board with information or reports governing the operation of the
10 authority as the board requires.

11 (2) The board may employ and fix the compensation of a
12 treasurer, who shall keep the financial records of the authority
13 and who, together with the director, shall approve all vouchers for
14 the expenditure of funds of the authority. The treasurer shall
15 perform all duties delegated to him or her by the board and shall
16 furnish bond in an amount prescribed by the board.

17 (3) The board may employ and fix the compensation of a
18 secretary, who shall maintain custody of the official seal and of
19 records, books, documents, or other papers not required to be
20 maintained by the treasurer. The secretary shall attend meetings of
21 the board and keep a record of its proceedings and shall perform
22 other duties delegated by the board.

23 (4) The board may retain legal counsel to advise the board in
24 the proper performance of its duties. The legal counsel shall
25 represent the authority in actions brought by or against the
26 authority.

27 (5) The board may employ other personnel considered necessary

1 by the board.

2 Sec. 610. The employees of an authority shall be eligible to
3 participate in municipal retirement and insurance programs of the
4 municipality as if they were civil service employees except that
5 the employees of an authority are not civil service employees.

6 Sec. 611. (1) The board may do any of the following:

7 (a) Prepare an analysis of economic changes taking place in
8 the development area.

9 (b) Study and analyze the impact of metropolitan growth upon
10 the development area.

11 (c) Plan and propose the construction, renovation, repair,
12 remodeling, rehabilitation, restoration, preservation, or
13 reconstruction of a public facility, an existing building, or a
14 multiple-family dwelling unit which may be necessary or appropriate
15 to the execution of a plan which, in the opinion of the board, aids
16 in the economic growth of the development area.

17 (d) Plan, propose, and implement an improvement to a public
18 facility within the development area to comply with the barrier
19 free design requirements of the state construction code promulgated
20 under the Stille-DeRossett-Hale single state construction code act,
21 1972 PA 230, MCL 125.1501 to 125.1531.

22 (e) Develop long-range plans, in cooperation with the agency
23 that is chiefly responsible for planning in the municipality,
24 designed to halt the deterioration of property values in the
25 development area and to promote the economic growth of the
26 development area, and take steps as may be necessary to persuade
27 property owners to implement the plans to the fullest extent

1 possible.

2 (f) Implement any plan of development in the development area
3 necessary to achieve the purposes of this part in accordance with
4 the powers of the authority granted by this part.

5 (g) Make and enter into contracts necessary or incidental to
6 the exercise of its powers and the performance of its duties.

7 (h) On terms and conditions and in a manner and for
8 consideration the authority considers proper or for no
9 consideration, acquire by purchase or otherwise, or own, convey, or
10 otherwise dispose of, or lease as lessor or lessee, land and other
11 property, real or personal, or rights or interests in the property,
12 that the authority determines is reasonably necessary to achieve
13 the purposes of this part, and to grant or acquire licenses,
14 easements, and options.

15 (i) Improve land and construct, reconstruct, rehabilitate,
16 restore and preserve, equip, improve, maintain, repair, and operate
17 any building, including multiple-family dwellings, and any
18 necessary or desirable appurtenances to those buildings, within the
19 development area for the use, in whole or in part, of any public or
20 private person or corporation, or a combination thereof.

21 (j) Fix, charge, and collect fees, rents, and charges for the
22 use of any facility, building, or property under its control or any
23 part of the facility, building, or property, and pledge the fees,
24 rents, and charges for the payment of revenue bonds issued by the
25 authority.

26 (k) Lease, in whole or in part, any facility, building, or
27 property under its control.

1 (l) Accept grants and donations of property, labor, or other
2 things of value from a public or private source.

3 (m) Acquire and construct public facilities.

4 (n) Conduct market research and public relations campaigns,
5 develop, coordinate, and conduct retail and institutional
6 promotions, and sponsor special events and related activities.

7 (o) Contract for broadband service and wireless technology
8 service in a development area.

9 (2) Notwithstanding any other provision of this part, in a
10 qualified development area the board may, in addition to the powers
11 enumerated in subsection (1), do 1 or more of the following:

12 (a) Perform any necessary or desirable site improvements to
13 the land, including, but not limited to, installation of temporary
14 or permanent utilities, temporary or permanent roads and driveways,
15 silt fences, perimeter construction fences, curbs and gutters,
16 sidewalks, pavement markings, water systems, gas distribution
17 lines, concrete, including, but not limited to, building pads,
18 storm drainage systems, sanitary sewer systems, parking lot paving
19 and light fixtures, electrical service, communications systems,
20 including broadband and high-speed Internet, site signage, and
21 excavation, backfill, grading of site, landscaping and irrigation,
22 within the development area for the use, in whole or in part, of
23 any public or private person or business entity, or a combination
24 of these.

25 (b) Incur expenses and expend funds to pay or reimburse a
26 public or private person for costs associated with any of the
27 improvements described in subdivision (a).

1 (c) Make and enter into financing arrangements with a public
2 or private person for the purposes of implementing the board's
3 powers described in this section, including, but not limited to,
4 lease purchase agreements, land contracts, installment sales
5 agreements, sale leaseback agreements, and loan agreements.

6 Sec. 612. The authority is an instrumentality of a political
7 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

8 Sec. 613. A municipality may acquire private property under
9 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
10 the authority, and may transfer the property to the authority for
11 use in an approved development, on terms and conditions it
12 considers appropriate, and the taking, transfer, and use shall be
13 considered necessary for public purposes and for the benefit of the
14 public.

15 Sec. 614. (1) The activities of the authority shall be
16 financed from 1 or more of the following sources:

17 (a) Donations to the authority for the performance of its
18 functions.

19 (b) Money borrowed and to be repaid as authorized by sections
20 616 and 617.

21 (c) Revenues from any property, building, or facility owned,
22 leased, licensed, or operated by the authority or under its
23 control, subject to the limitations imposed upon the authority by
24 trusts or other agreements.

25 (d) Proceeds of a tax increment financing plan established
26 under sections 618 to 620.

27 (e) Proceeds from a special assessment district created as

1 provided by law.

2 (f) Money obtained from other sources approved by the
3 governing body of the municipality or otherwise authorized by law
4 for use by the authority or the municipality to finance a
5 development program.

6 (2) Money received by the authority and not covered under
7 subsection (1) shall immediately be deposited to the credit of the
8 authority, subject to disbursement under this part. Except as
9 provided in this part, the municipality shall not obligate itself,
10 and shall not be obligated, to pay any sums from public funds,
11 other than money received by the municipality under this section,
12 for or on account of the activities of the authority.

13 Sec. 615. (1) An authority with the approval of the governing
14 body may levy a special assessment as provided by law.

15 (2) The municipality may at the request of the authority
16 borrow money and issue its notes under the revised municipal
17 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
18 of collection of the ad valorem tax authorized in this section.

19 Sec. 616. The authority may, with approval of the local
20 governing body, borrow money and issue its negotiable revenue bonds
21 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
22 141.140. Revenue bonds issued by the authority are not a debt of
23 the municipality unless the municipality by majority vote of the
24 members of its governing body pledges its full faith and credit to
25 support the authority's revenue bonds. Revenue bonds issued by the
26 authority are never a debt of the state.

27 Sec. 617. (1) The authority may with approval of the local

1 governing body borrow money and issue its revenue bonds or notes to
2 finance all or part of the costs of acquiring or constructing or
3 causing to be constructed property in connection with either of the
4 following:

5 (a) The implementation of a development plan in the
6 development area.

7 (b) The refund, or refund in advance, of bonds or notes issued
8 under this section.

9 (2) Any of the following may be financed by the issuance of
10 revenue bonds or notes:

11 (a) The cost of purchasing, acquiring, constructing,
12 improving, enlarging, extending, or repairing property in
13 connection with the implementation of a development plan in the
14 development area, and, for the implementation of the development
15 plan in a qualified development area, the cost of reimbursing a
16 public or private person for any of those costs.

17 (b) Any engineering, architectural, legal, accounting, or
18 financial expenses.

19 (c) The costs necessary or incidental to the borrowing of
20 money.

21 (d) Interest on the bonds or notes during the period of
22 construction.

23 (e) A reserve for payment of principal and interest on the
24 bonds or notes.

25 (f) A reserve for operation and maintenance until sufficient
26 revenues have developed.

27 (3) The authority may secure the bonds and notes by mortgage,

1 assignment, or pledge of the property and any money, revenues, or
2 income received in connection with the property.

3 (4) A pledge made by the authority is valid and binding from
4 the time the pledge is made. The money or property pledged by the
5 authority immediately is subject to the lien of the pledge without
6 a physical delivery, filing, or further act. The lien of a pledge
7 is valid and binding against parties having claims of any kind in
8 tort, contract, or otherwise, against the authority, whether or not
9 the parties have notice of the lien. Neither the resolution, the
10 trust agreement, nor any other instrument by which a pledge is
11 created must be filed or recorded to be enforceable.

12 (5) Bonds or notes issued under this section are exempt from
13 all taxation in this state except inheritance and transfer taxes,
14 and the interest on the bonds or notes is exempt from all taxation
15 in this state, notwithstanding that the interest may be subject to
16 federal income tax.

17 (6) The municipality is not liable on bonds or notes of the
18 authority issued under this section, and the bonds or notes are not
19 a debt of the municipality. The bonds or notes shall contain on
20 their face a statement to that effect.

21 (7) The bonds and notes of the authority may be invested in by
22 all public officers, state agencies and political subdivisions,
23 insurance companies, banks, savings and loan associations,
24 investment companies, and fiduciaries and trustees, and may be
25 deposited with and received by all public officers and the agencies
26 and political subdivisions of this state for any purpose for which
27 the deposit of bonds is authorized.

1 Sec. 618. (1) If the authority determines that it is necessary
2 for the achievement of the purposes of this part, the authority
3 shall prepare and submit a tax increment financing plan to the
4 governing body of the municipality. The plan shall include a
5 development plan as provided in section 621, a detailed explanation
6 of the tax increment procedure, the maximum amount of bonded
7 indebtedness to be incurred, and the duration of the program, and
8 shall be in compliance with section 619. The plan shall contain a
9 statement of the estimated impact of tax increment financing on the
10 assessed values of all taxing jurisdictions in which the
11 development area is located. The plan may provide for the use of
12 part or all of the captured assessed value, but the portion
13 intended to be used by the authority shall be clearly stated in the
14 tax increment financing plan. The authority or municipality may
15 exclude from captured assessed value growth in property value
16 resulting solely from inflation. The plan shall set forth the
17 method for excluding growth in property value resulting solely from
18 inflation.

19 (2) Approval of the tax increment financing plan shall comply
20 with the notice, hearing, and disclosure provisions of section 622.
21 If the development plan is part of the tax increment financing
22 plan, only 1 hearing and approval procedure is required for the 2
23 plans together.

24 (3) Before the public hearing on the tax increment financing
25 plan, the governing body shall provide a reasonable opportunity to
26 the taxing jurisdictions levying taxes subject to capture to meet
27 with the governing body. The authority shall fully inform the

1 taxing jurisdictions of the fiscal and economic implications of the
2 proposed development area. The taxing jurisdictions may present
3 their recommendations at the public hearing on the tax increment
4 financing plan. The authority may enter into agreements with the
5 taxing jurisdictions and the governing body of the municipality in
6 which the development area is located to share a portion of the
7 captured assessed value of the development area.

8 (4) A tax increment financing plan may be modified if the
9 modification is approved by the governing body upon notice and
10 after public hearings and agreements as are required for approval
11 of the original plan.

12 (5) Except for a development area located in a qualified
13 development area, not more than 60 days after the public hearing on
14 the tax increment financing plan, the governing body in a taxing
15 jurisdiction levying ad valorem property taxes that would otherwise
16 be subject to capture may exempt its taxes from capture by adopting
17 a resolution to that effect and filing a copy with the clerk of the
18 municipality proposing to create the authority. The resolution
19 shall take effect when filed with the clerk and remains effective
20 until a copy of a resolution rescinding that resolution is filed
21 with that clerk.

22 Sec. 619. (1) The municipal and county treasurers shall
23 transmit tax increment revenues to the authority.

24 (2) The authority shall expend the tax increment revenues
25 received for the development program only under the terms of the
26 tax increment financing plan. Unused funds shall revert
27 proportionately to the respective taxing bodies. Tax increment

1 revenues shall not be used to circumvent existing property tax
2 limitations. The governing body of the municipality may abolish the
3 tax increment financing plan if it finds that the purposes for
4 which it was established are accomplished. However, the tax
5 increment financing plan shall not be abolished, allowed to expire,
6 or otherwise terminate until the principal of, and interest on,
7 bonds issued under section 620 have been paid or funds sufficient
8 to make the payment have been segregated.

9 Sec. 620. (1) The municipality may by resolution of its
10 governing body authorize, issue, and sell limited general
11 obligation bonds subject to the limitations set forth in this
12 subsection to finance the development program of the tax increment
13 financing plan and shall pledge its full faith and credit for the
14 payment of the bonds. The municipality may pledge as additional
15 security for the bonds any money received by the authority or the
16 municipality under section 614. The bonds are subject to the
17 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
18 141.2821. Before the municipality may authorize the borrowing, the
19 authority shall submit an estimate of the anticipated tax increment
20 revenues and other revenue available under section 614 to be
21 available for payment of principal and interest on the bonds, to
22 the governing body of the municipality. This estimate shall be
23 approved by the governing body of the municipality by resolution
24 adopted by majority vote of the members of the governing body in
25 the resolution authorizing the bonds. If the governing body of the
26 municipality adopts the resolution authorizing the bonds, the
27 estimate of the anticipated tax increment revenues and other

1 revenue available under section 614 to be available for payment of
2 principal and interest on the bonds shall be conclusive for
3 purposes of this section. The bonds issued under this subsection
4 shall be considered a single series for the purposes of the revised
5 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

6 (2) By resolution of its governing body, the authority may
7 authorize, issue, and sell tax increment bonds subject to the
8 limitations set forth in this subsection to finance the development
9 program of the tax increment financing plan. The tax increment
10 bonds issued by the authority under this subsection shall pledge
11 solely the tax increment revenues of a development area in which
12 the project is located or a development area from which tax
13 increment revenues may be used for this project, or both. In
14 addition or in the alternative, the bonds issued by the authority
15 under this subsection may be secured by any other revenues
16 identified in section 614 as sources of financing for activities of
17 the authority that the authority shall specifically pledge in the
18 resolution. However, the full faith and credit of the municipality
19 shall not be pledged to secure bonds issued under this subsection.
20 The bond issue may include a sum sufficient to pay interest on the
21 tax increment bonds until full development of tax increment
22 revenues from the project and also a sum to provide a reasonable
23 reserve for payment of principal and interest on the bonds. The
24 resolution authorizing the bonds shall create a lien on the tax
25 increment revenues and other revenues pledged by the resolution
26 that shall be a statutory lien and shall be a first lien subject
27 only to liens previously created. The resolution may provide the

1 terms upon which additional bonds may be issued of equal standing
2 and parity of lien as to the tax increment revenues and other
3 revenues pledged under the resolution. Bonds issued under this
4 subsection that pledge revenue received under section 615 for
5 repayment of the bonds are subject to the revised municipal finance
6 act, 2001 PA 34, MCL 141.2101 to 141.2821.

7 Sec. 621. (1) If a board decides to finance a project in a
8 development area by the use of revenue bonds as authorized in
9 section 616 or tax increment financing as authorized in sections
10 618, 619, and 620, it shall prepare a development plan.

11 (2) The development plan shall contain all of the following:

12 (a) The designation of boundaries of the development area in
13 relation to highways, streets, streams, or otherwise.

14 (b) The location and extent of existing streets and other
15 public facilities within the development area, designating the
16 location, character, and extent of the categories of public and
17 private land uses then existing and proposed for the development
18 area, including residential, recreational, commercial, industrial,
19 educational, and other uses, and including a legal description of
20 the development area.

21 (c) A description of existing improvements in the development
22 area to be demolished, repaired, or altered, a description of any
23 repairs and alterations, and an estimate of the time required for
24 completion.

25 (d) The location, extent, character, and estimated cost of the
26 improvements including rehabilitation contemplated for the
27 development area and an estimate of the time required for

1 completion.

2 (e) A statement of the construction or stages of construction
3 planned, and the estimated time of completion of each stage.

4 (f) A description of any parts of the development area to be
5 left as open space and the use contemplated for the space.

6 (g) A description of any portions of the development area that
7 the authority desires to sell, donate, exchange, or lease to or
8 from the municipality and the proposed terms.

9 (h) A description of desired zoning changes and changes in
10 streets, street levels, intersections, traffic flow modifications,
11 or utilities.

12 (i) An estimate of the cost of the development, a statement of
13 the proposed method of financing the development, and the ability
14 of the authority to arrange the financing.

15 (j) Designation of the person or persons, natural or
16 corporate, to whom all or a portion of the development is to be
17 leased, sold, or conveyed in any manner and for whose benefit the
18 project is being undertaken if that information is available to the
19 authority.

20 (k) The procedures for bidding for the leasing, purchasing, or
21 conveying in any manner of all or a portion of the development upon
22 its completion, if there is no express or implied agreement between
23 the authority and persons, natural or corporate, that all or a
24 portion of the development will be leased, sold, or conveyed in any
25 manner to those persons.

26 (l) Estimates of the number of persons residing in the
27 development area and the number of families and individuals to be

1 displaced. If occupied residences are designated for acquisition
2 and clearance by the authority, a development plan shall include a
3 survey of the families and individuals to be displaced, including
4 their income and racial composition, a statistical description of
5 the housing supply in the community, including the number of
6 private and public units in existence or under construction, the
7 condition of those units in existence, the number of owner-occupied
8 and renter-occupied units, the annual rate of turnover of the
9 various types of housing and the range of rents and sale prices, an
10 estimate of the total demand for housing in the community, and the
11 estimated capacity of private and public housing available to
12 displaced families and individuals.

13 (m) A plan for establishing priority for the relocation of
14 persons displaced by the development in any new housing in the
15 development area.

16 (n) Provision for the costs of relocating persons displaced by
17 the development and financial assistance and reimbursement of
18 expenses, including litigation expenses and expenses incident to
19 the transfer of title, in accordance with the standards and
20 provisions of the uniform relocation assistance and real property
21 acquisition policies act of 1970, Public Law 91-646, 84 Stat 1894.

22 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
23 213.332.

24 (p) The requirement that amendments to an approved development
25 plan or tax increment plan must be submitted by the authority to
26 the governing body for approval or rejection.

27 (q) A schedule to periodically evaluate the effectiveness of

1 the development plan.

2 (r) Other material that the authority, local public agency, or
3 governing body considers pertinent.

4 Sec. 622. (1) The governing body, before adoption of a
5 resolution approving a development plan or tax increment financing
6 plan, shall hold a public hearing on the development plan. Notice
7 of the time and place of the hearing shall be given by publication
8 twice in a newspaper of general circulation designated by the
9 municipality, the first of which shall be not less than 20 days
10 before the date set for the hearing. Notice of the hearing shall be
11 posted in at least 20 conspicuous and public places in the
12 development area not less than 20 days before the hearing. Notice
13 shall also be mailed to all property taxpayers of record in the
14 development area and to the governing body of each taxing
15 jurisdiction levying taxes that would be subject to capture if the
16 tax increment financing plan is approved not less than 20 days
17 before the hearing. The notice of hearing within the time frame
18 described in this subsection shall be mailed by certified mail to
19 the governing body of each taxing jurisdiction levying taxes that
20 would be subject to capture if the tax increment financing plan is
21 approved.

22 (2) Notice of the time and place of hearing on a development
23 plan shall contain all of the following:

24 (a) A description of the proposed development area in relation
25 to highways, streets, streams, or otherwise.

26 (b) A statement that maps, plats, and a description of the
27 development plan, including the method of relocating families and

1 individuals who may be displaced from the area, are available for
2 public inspection at a place designated in the notice.

3 (c) A statement that all aspects of the development plan will
4 be open for discussion at the public hearing.

5 (d) Other information that the governing body considers
6 appropriate.

7 (3) At the time set for the hearing, the governing body shall
8 provide an opportunity for interested persons to speak and shall
9 receive and consider communications in writing. The hearing shall
10 provide the fullest opportunity for expression of opinion, for
11 argument on the merits, and for consideration of documentary
12 evidence pertinent to the development plan. The governing body
13 shall make and preserve a record of the public hearing, including
14 all data presented at the hearing.

15 Sec. 623. The governing body after a public hearing on the
16 development plan or the tax increment financing plan, or both, with
17 notice given under section 622, shall determine whether the
18 development plan or tax increment financing plan constitutes a
19 public purpose. If it determines that the development plan or tax
20 increment financing plan constitutes a public purpose, it shall by
21 resolution approve or reject the plan, or approve it with
22 modification, based on the following considerations:

23 (a) The plan meets the requirements under section 620(2).

24 (b) The proposed method of financing the development is
25 feasible and the authority has the ability to arrange the
26 financing.

27 (c) The development is reasonable and necessary to carry out

1 the purposes of this part.

2 (d) The land included within the development area to be
3 acquired is reasonably necessary to carry out the purposes of the
4 plan and of this part in an efficient and economically satisfactory
5 manner.

6 (e) The development plan is in reasonable accord with the land
7 use plan of the municipality.

8 (f) Public services, such as fire and police protection and
9 utilities, are or will be adequate to service the project area.

10 (g) Changes in zoning, streets, street levels, intersections,
11 and utilities are reasonably necessary for the project and for the
12 municipality.

13 Sec. 624. A person to be relocated under this part shall be
14 given not less than 90 days' written notice to vacate unless
15 modified by court order issued for good cause and after a hearing.

16 Sec. 625. (1) The director of the authority shall submit a
17 budget to the board for the operation of the authority for each
18 fiscal year before the beginning of the fiscal year. The budget
19 shall be prepared in the manner and contain the information
20 required of municipal departments. After review by the board, the
21 budget shall be submitted to the governing body. The governing body
22 must approve the budget before the board may adopt the budget.
23 Unless authorized by the governing body or this part, funds of the
24 municipality shall not be included in the budget of the authority.

25 (2) The governing body of the municipality may assess a
26 reasonable pro rata share of the funds for the cost of handling and
27 auditing the funds against the funds of the authority, other than

1 those committed, which shall be paid annually by the board pursuant
2 to an appropriate item in its budget.

3 Sec. 626. (1) A public facility, building, or structure that
4 is determined by the municipality to have significant historical
5 interests shall be preserved in a manner considered necessary by
6 the municipality in accordance with laws relative to the
7 preservation of historical sites.

8 (2) An authority shall refer all proposed changes to the
9 exterior of sites listed on the state register of historic sites
10 and the national register of historic places to the applicable
11 historic district commission created under the local historic
12 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
13 state housing development authority for review.

14 Sec. 627. An authority that has completed the purposes for
15 which it was organized shall be dissolved by resolution of the
16 governing body. The property and assets of the authority remaining
17 after the satisfaction of the obligations of the authority belong
18 to the municipality.

19 Sec. 629. (1) Subject to the requirements of subsection (2),
20 within 60 days after a development plan for a qualified development
21 area has been approved under section 618, upon written request from
22 the authority, the Michigan economic growth authority under the
23 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
24 207.810, may include the following within the definition of tax
25 increment revenues under section 3(g):

26 (a) Taxes under the state education tax act, 1933 PA 331, MCL
27 211.901 to 211.906.

1 (b) Taxes levied by local or intermediate school districts
2 under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

3 (2) The Michigan economic growth authority may only allow
4 inclusion of the taxes described in subsection (1) in the
5 definition of tax increment revenues if the Michigan economic
6 growth authority under the Michigan economic growth authority act,
7 1995 PA 24, MCL 207.801 to 207.810, determines that the inclusion
8 is necessary to reduce unemployment, promote economic growth, and
9 increase capital investment in a qualified development area.

10 PART 7

11 Sec. 701. This part shall be known and may be cited as the
12 "water resource improvement tax increment finance authority part".

13 Sec. 702. As used in this part:

14 (a) "Advance" means a transfer of funds made by a municipality
15 to an authority or to another person on behalf of the authority in
16 anticipation of repayment by the authority. Evidence of the intent
17 to repay an advance may include, but is not limited to, an executed
18 agreement to repay, provisions contained in a tax increment
19 financing plan approved prior to the advance, or a resolution of
20 the authority or the municipality.

21 (b) "Assessed value" means the taxable value as determined
22 under section 27a of the general property tax act, 1893 PA 206, MCL
23 211.27a.

24 (c) "Authority" means a water resource improvement tax
25 increment finance authority created under this part.

26 (d) "Board" means the governing body of an authority.

27 (e) "Captured assessed value" means the amount in any 1 year

1 by which the current assessed value of the development area,
2 including the assessed value of property for which specific local
3 taxes are paid in lieu of property taxes as determined in section
4 803(d), exceeds the initial assessed value. The state tax
5 commission shall prescribe the method for calculating captured
6 assessed value.

7 (f) "Chief executive officer" means the mayor or city manager
8 of a city, the president or village manager of a village, or the
9 supervisor of a township.

10 (g) "Development area" means that area described in section
11 805 to which a development plan is applicable.

12 (h) "Development plan" means that information and those
13 requirements for a development area set forth in section 822.

14 (i) "Development program" means the implementation of the
15 development plan.

16 (j) "Fiscal year" means the fiscal year of the authority.

17 (k) "Governing body" or "governing body of a municipality"
18 means the elected body of a municipality having legislative powers.

19 (l) "Initial assessed value" means the assessed value of all
20 the taxable property within the boundaries of the development area
21 at the time the ordinance establishing the tax increment financing
22 plan is approved, as shown by the most recent assessment roll of
23 the municipality at the time the resolution is adopted. Property
24 exempt from taxation at the time of the determination of the
25 initial assessed value shall be included as zero. For the purpose
26 of determining initial assessed value, property for which a
27 specific local tax is paid in lieu of a property tax shall not be

1 considered to be property that is exempt from taxation. The initial
2 assessed value of property for which a specific local tax was paid
3 in lieu of a property tax shall be determined as provided in
4 section 803(d).

5 (m) "Inland lake" means a natural or artificial lake, pond, or
6 impoundment. Inland lake does not include the Great Lakes, Lake St.
7 Clair, or a lake or pond that has a surface area of less than 5
8 acres.

9 (n) "Land use plan" means a plan prepared under former 1921 PA
10 207, or a site plan under the Michigan zoning enabling act, 2006 PA
11 110, MCL 125.3101 to 125.3702.

12 (o) "Municipality" means a city, village, or township.

13 Sec. 703. As used in this part:

14 (a) "Operations" means office maintenance, including salaries
15 and expenses of employees, office supplies, consultation fees,
16 design costs, and other expenses incurred in the daily management
17 of the authority and planning of its activities.

18 (b) "Parcel" means an identifiable unit of land that is
19 treated as separate for valuation or zoning purposes.

20 (c) "Public facility" means a street, and any improvements to
21 a street, including street furniture and beautification, park,
22 parking facility, recreational facility, right-of-way, structure,
23 waterway, bridge, lake, pond, canal, utility line or pipe, or
24 building, including access routes designed and dedicated to use by
25 the public generally, or used by a public agency, that is related
26 to access to inland lakes or a water resource improvement, or means
27 a water resource improvement. Public facility includes an

1 improvement to a facility used by the public or a public facility
2 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
3 if the improvement complies with the barrier free design
4 requirements of the state construction code promulgated under the
5 Stille-DeRossett-Hale single state construction code act, 1972 PA
6 230, MCL 125.1501 to 125.1531.

7 (d) "Specific local tax" means a tax levied under 1974 PA 198,
8 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
9 255, MCL 207.651 to 207.668, the technology park development act,
10 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
11 211.182. The initial assessed value or current assessed value of
12 property subject to a specific local tax shall be the quotient of
13 the specific local tax paid divided by the ad valorem millage rate.
14 The state tax commission shall prescribe the method for calculating
15 the initial assessed value and current assessed value of property
16 for which a specific local tax was paid in lieu of a property tax.

17 (e) "State fiscal year" means the annual period commencing
18 October 1 of each year.

19 (f) "Tax increment revenues" means the amount of ad valorem
20 property taxes and specific local taxes attributable to the
21 application of the levy of all taxing jurisdictions upon the
22 captured assessed value of real and personal property in the
23 development area. Tax increment revenues do not include any of the
24 following:

25 (i) Taxes under the state education tax act, 1993 PA 331, MCL
26 211.901 to 211.906.

27 (ii) Taxes levied by local or intermediate school districts.

1 (iii) Ad valorem property taxes attributable either to a
2 portion of the captured assessed value shared with taxing
3 jurisdictions within the jurisdictional area of the authority or to
4 a portion of value of property that may be excluded from captured
5 assessed value or specific local taxes attributable to the ad
6 valorem property taxes.

7 (iv) Ad valorem property taxes excluded by the tax increment
8 financing plan of the authority from the determination of the
9 amount of tax increment revenues to be transmitted to the authority
10 or specific local taxes attributable to the ad valorem property
11 taxes.

12 (v) Ad valorem property taxes exempted from capture under
13 section 815(5) or specific local taxes attributable to the ad
14 valorem property taxes.

15 (vi) Ad valorem property taxes specifically levied for the
16 payment of principal and interest of obligations approved by the
17 electors or obligations pledging the unlimited taxing power of the
18 local governmental unit or specific taxes attributable to those ad
19 valorem property taxes.

20 (g) "Water resource improvement" means enhancement of water
21 quality and water dependent natural resources, including, but not
22 limited to, the following:

23 (i) The elimination of the causes and the proliferation of
24 aquatic nuisance species, as defined in section 3101 of the natural
25 resources and environmental protection act, 1994 PA 451, MCL
26 324.3101.

27 (ii) Sewer systems that service existing structures that have

1 failing on-site disposal systems.

2 (iii) Storm water systems that service existing
3 infrastructure.

4 (iv) Dredging, removal of spoils, or other improvements or
5 maintenance activities that enhance navigability of a waterway.

6 (h) "Water resource improvement district" or "district" means
7 1 or more of the following:

8 (i) An inland body of water and land that is up to 1 mile from
9 the shoreline of an inland lake that contains 1 or more public
10 access points.

11 (ii) An inland body of water and parcels of land that are
12 contiguous to the shoreline of an inland lake that does not contain
13 a public access point.

14 (iii) The shoreline of a harbor on a Great Lake and 1 or more
15 of the following:

16 (A) Land up to 1 mile from the shoreline of the harbor.

17 (B) A tributary to that Great Lake harbor up to 5 miles
18 upstream from the shoreline of the Great Lake harbor.

19 (C) Land up to 1 mile from each bank of the tributary
20 described in sub-subparagraph (B).

21 Sec. 704. (1) Except as otherwise provided in this subsection,
22 a municipality may establish multiple authorities. A parcel of
23 property shall not be included in more than 1 authority created
24 under this part.

25 (2) An authority is a public body corporate that may sue and
26 be sued in any court of this state. An authority possesses all the
27 powers necessary to carry out its purpose. The enumeration of a

1 power in this part shall not be construed as a limitation upon the
2 general powers of an authority.

3 Sec. 705. (1) If the governing body of a municipality
4 determines that it is necessary for the best interests of the
5 public to promote water resource improvement or access to inland
6 lakes, or both, in a water resource improvement district, the
7 governing body may, by resolution, declare its intention to create
8 and provide for the operation of an authority within the boundaries
9 of a water resource improvement district.

10 (2) In the resolution of intent, the governing body shall set
11 a date for a public hearing on the adoption of a proposed ordinance
12 creating the authority and designating the boundaries of the
13 development area. Notice of the public hearing shall be published
14 twice in a newspaper of general circulation in the municipality,
15 not less than 20 or more than 40 days before the date of the
16 hearing. Not less than 20 days before the hearing, the governing
17 body proposing to create the authority shall also mail notice of
18 the hearing to the property taxpayers of record in the proposed
19 development area and to the governing body of each taxing
20 jurisdiction levying taxes that would be subject to capture if the
21 authority is established and a tax increment financing plan is
22 approved. Failure of a property taxpayer to receive the notice does
23 not invalidate these proceedings. Notice of the hearing shall be
24 posted in at least 20 conspicuous and public places in the proposed
25 development area not less than 20 days before the hearing. The
26 notice shall state the date, time, and place of the hearing and
27 shall describe the boundaries of the proposed development area. A

1 citizen, taxpayer, or property owner of the municipality or an
2 official from a taxing jurisdiction with millage that would be
3 subject to capture has the right to be heard in regard to the
4 establishment of the authority and the boundaries of the proposed
5 development area. The governing body of the municipality shall not
6 incorporate land into the development area not included in the
7 description contained in the notice of public hearing, but it may
8 eliminate described lands from the development area in the final
9 determination of the boundaries.

10 (3) Not less than 60 days after the public hearing, if the
11 governing body of the municipality intends to proceed with the
12 establishment of the authority it shall adopt, by majority vote of
13 its members, an ordinance establishing the authority and
14 designating the boundaries of the development area within which the
15 authority shall exercise its powers. The adoption of the ordinance
16 is subject to any applicable statutory or charter provisions in
17 respect to the approval or disapproval by the chief executive or
18 other officer of the municipality and the adoption of an ordinance
19 over his or her veto. This ordinance shall be filed with the
20 secretary of state promptly after its adoption and shall be
21 published at least once in a newspaper of general circulation in
22 the municipality.

23 (4) The governing body of the municipality may alter or amend
24 the boundaries of the development area to include or exclude lands
25 from the development area in the same manner as adopting the
26 ordinance creating the authority.

27 (5) A municipality that has created an authority may enter

1 into an agreement with an adjoining municipality that has created
2 an authority to jointly operate and administer those authorities
3 under an interlocal agreement under the urban cooperation act of
4 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

5 Sec. 706. If a development area is part of an area annexed to
6 or consolidated with another municipality, the authority managing
7 that development area shall become an authority of the annexing or
8 consolidated municipality. Obligations of that authority incurred
9 under a development or tax increment plan, agreements related to a
10 development or tax increment plan, and bonds issued under this part
11 shall remain in effect following the annexation or consolidation.

12 Sec. 707. (1) An authority shall be under the supervision and
13 control of a board consisting of the chief executive officer of the
14 municipality or his or her designee and not less than 5 or more
15 than 9 members as determined by the governing body of the
16 municipality. Members shall be appointed by the chief executive
17 officer of the municipality, subject to approval by the governing
18 body of the municipality. Not less than a majority of the members
19 shall be persons having an ownership or business interest in
20 property located in the development area. At least 1 of the members
21 shall be a resident of the development area or of an area within
22 1/2 mile of any part of the development area. Of the members first
23 appointed, an equal number of the members, as near as is
24 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
25 years. A member shall hold office until the member's successor is
26 appointed. After the initial appointment, each member shall serve
27 for a term of 4 years. An appointment to fill a vacancy shall be

1 made by the chief executive officer of the municipality for the
2 unexpired term only. Members of the board shall serve without
3 compensation, but shall be reimbursed for actual and necessary
4 expenses. The chairperson of the board shall be elected by the
5 board.

6 (2) Before assuming the duties of office, a member shall
7 qualify by taking and subscribing to the constitutional oath of
8 office.

9 (3) The proceedings and rules of the board are subject to the
10 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
11 shall adopt rules governing its procedure and the holding of
12 regular meetings, subject to the approval of the governing body.
13 Special meetings may be held if called in the manner provided in
14 the rules of the board.

15 (4) After having been given notice and an opportunity to be
16 heard, a member of the board may be removed for cause by the
17 governing body.

18 (5) All expense items of the authority shall be publicized
19 monthly and the financial records shall always be open to the
20 public.

21 (6) A writing prepared, owned, used, in the possession of, or
22 retained by the board in the performance of an official function is
23 subject to the freedom of information act, 1976 PA 442, MCL 15.231
24 to 15.246.

25 Sec. 708. (1) The board may employ and fix the compensation of
26 a director, subject to the approval of the governing body of the
27 municipality. The director shall serve at the pleasure of the

1 board. A member of the board is not eligible to hold the position
2 of director. Before beginning his or her duties, the director shall
3 take and subscribe to the constitutional oath, and furnish bond, by
4 posting a bond in the sum determined in the ordinance establishing
5 the authority payable to the authority for use and benefit of the
6 authority, approved by the board, and filed with the municipal
7 clerk. The premium on the bond shall be considered an operating
8 expense of the authority, payable from funds available to the
9 authority for expenses of operation. The director shall be the
10 chief executive officer of the authority. Subject to the approval
11 of the board, the director shall supervise and be responsible for
12 the preparation of plans and the performance of the functions of
13 the authority in the manner authorized by this part. The director
14 shall attend the meetings of the board and shall provide to the
15 board and to the governing body of the municipality a regular
16 report covering the activities and financial condition of the
17 authority. If the director is absent or disabled, the board may
18 designate a qualified person as acting director to perform the
19 duties of the office. Before beginning his or her duties, the
20 acting director shall take and subscribe to the oath, and furnish
21 bond, as required of the director. The director shall furnish the
22 board with information or reports governing the operation of the
23 authority as the board requires.

24 (2) The board may employ and fix the compensation of a
25 treasurer, who shall keep the financial records of the authority
26 and who, together with the director, shall approve all vouchers for
27 the expenditure of funds of the authority. The treasurer shall

1 perform all duties delegated to him or her by the board and shall
2 furnish bond in an amount prescribed by the board.

3 (3) The board may employ and fix the compensation of a
4 secretary, who shall maintain custody of the official seal and of
5 records, books, documents, or other papers not required to be
6 maintained by the treasurer. The secretary shall attend meetings of
7 the board and keep a record of its proceedings and shall perform
8 other duties delegated by the board.

9 (4) The board may retain legal counsel to advise the board in
10 the proper performance of its duties. The legal counsel shall
11 represent the authority in actions brought by or against the
12 authority.

13 (5) The board may employ other personnel considered necessary
14 by the board.

15 Sec. 709. The employees of an authority shall be eligible to
16 participate in municipal retirement and insurance programs of the
17 municipality as if they were civil service employees except that
18 the employees of an authority are not civil service employees.

19 Sec. 710. (1) The board may do any of the following:

20 (a) Prepare an analysis of water resource improvement and
21 access to inland lakes issues taking place in the development area.

22 (b) Study and analyze the need for water resource improvements
23 and access to inland lakes upon the development area.

24 (c) Plan and propose the construction, renovation, repair,
25 remodeling, rehabilitation, restoration, preservation, or
26 reconstruction of a public facility that may be necessary or
27 appropriate to the execution of a plan that, in the opinion of the

1 board, aids in water resource improvement or access to inland lakes
2 in the development area. The board is encouraged to develop a plan
3 that conserves the natural features, reduces impervious surfaces,
4 and uses landscaping and natural features to reflect the
5 predevelopment site.

6 (d) Plan, propose, and implement an improvement to a public
7 facility within the development area to comply with the barrier
8 free design requirements of the state construction code promulgated
9 under the Stille-DeRossett-Hale single state construction code act,
10 1972 PA 230, MCL 125.1501 to 125.1531.

11 (e) Develop long-range plans for water resource improvement
12 and access to inland lakes within the district.

13 (f) Implement any plan of development for water resource
14 improvement and access to inland lakes in the development area
15 necessary to achieve the purposes of this part in accordance with
16 the powers of the authority granted by this part.

17 (g) Make and enter into contracts necessary or incidental to
18 the exercise of its powers and the performance of its duties.

19 (h) Acquire by purchase or otherwise, on terms and conditions
20 and in a manner the authority considers proper or own, convey, or
21 otherwise dispose of, or lease as lessor or lessee, land and other
22 property, real or personal, or rights or interests in the property,
23 that the authority determines is reasonably necessary to achieve
24 the purposes of this part, and to grant or acquire licenses,
25 easements, and options.

26 (i) Improve land and construct, reconstruct, rehabilitate,
27 restore and preserve, equip, clear, improve, maintain, and repair

1 any public facility, building, and any necessary or desirable
2 appurtenances to those buildings and operate a water resource
3 improvement, as determined by the authority to be reasonably
4 necessary to achieve the purposes of this part, within the
5 development area for the use, in whole or in part, of any public or
6 private person or corporation, or a combination thereof.

7 (j) Fix, charge, and collect fees, rents, and charges for the
8 use of any facility, building, or property under its control or any
9 part of the facility, building, or property, and pledge the fees,
10 rents, and charges for the payment of revenue bonds issued by the
11 authority.

12 (k) Lease, in whole or in part, any facility, building, or
13 property under its control.

14 (l) Accept grants and donations of property, labor, or other
15 things of value from a public or private source.

16 (m) Acquire and construct public facilities.

17 (n) Plan and implement water resource improvements in harbors
18 of the Great Lakes and their tributaries, including, but not
19 limited to, dredging, removal of spoils, and other improvements or
20 maintenance activities that enhance navigability of a waterway.

21 (2) The board shall prepare a water resource management plan
22 in consultation with the department of environmental quality, the
23 department of natural resources, or any other entity with expertise
24 in water quality management and invasive species management.

25 (3) The board may apply for the necessary state and federal
26 permits required for a public facility or a water resource
27 improvement under this part.

1 Sec. 711. The authority is an instrumentality of a political
2 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

3 Sec. 712. (1) The activities of the authority shall be
4 financed from 1 or more of the following sources:

5 (a) Donations to the authority for the performance of its
6 functions.

7 (b) Money borrowed and to be repaid as authorized by sections
8 713 and 714.

9 (c) Revenues from any property, building, or facility owned,
10 leased, licensed, or operated by the authority or under its
11 control, subject to the limitations imposed upon the authority by
12 trusts or other agreements.

13 (d) Proceeds of a tax increment financing plan established
14 under sections 715 to 717.

15 (e) Proceeds from a special assessment district created as
16 provided by law.

17 (f) Money obtained from other sources approved by the
18 governing body of the municipality or otherwise authorized by law
19 for use by the authority or the municipality to finance a
20 development program.

21 (2) Money received by the authority and not covered under
22 subsection (1) shall immediately be deposited to the credit of the
23 authority, subject to disbursement under this part. Except as
24 provided in this part, the municipality shall not obligate itself,
25 and shall not be obligated, to pay any sums from public funds,
26 other than money received by the municipality under this section,
27 for or on account of the activities of the authority.

1 Sec. 713. The authority may borrow money and issue its
2 negotiable revenue bonds under the revenue bond act of 1933, 1933
3 PA 94, MCL 141.101 to 141.140.

4 Sec. 714. (1) The authority may with approval of the local
5 governing body borrow money and issue its revenue bonds or notes to
6 finance all or part of the costs of water resource improvements in
7 connection with either of the following:

8 (a) The implementation of a development plan in the
9 development area.

10 (b) The refund, or refund in advance, of bonds or notes issued
11 under this section.

12 (2) Any of the following may be financed by the issuance of
13 revenue bonds or notes:

14 (a) The cost of purchasing, acquiring, constructing,
15 improving, enlarging, extending, or repairing property in
16 connection with the implementation of a development plan in the
17 development area.

18 (b) Any engineering, architectural, legal, accounting, or
19 financial expenses.

20 (c) The costs necessary or incidental to the borrowing of
21 money.

22 (d) Interest on the bonds or notes during the period of
23 construction.

24 (e) A reserve for payment of principal and interest on the
25 bonds or notes.

26 (f) A reserve for operation and maintenance until sufficient
27 revenues have developed.

1 (3) The authority may secure the bonds and notes by mortgage,
2 assignment, or pledge of the property and any money, revenues, or
3 income received in connection with the property.

4 (4) A pledge made by the authority is valid and binding from
5 the time the pledge is made. The money or property pledged by the
6 authority immediately is subject to the lien of the pledge without
7 a physical delivery, filing, or further act. The lien of a pledge
8 is valid and binding against parties having claims of any kind in
9 tort, contract, or otherwise, against the authority, whether or not
10 the parties have notice of the lien. Neither the resolution, the
11 trust agreement, nor any other instrument by which a pledge is
12 created must be filed or recorded to be enforceable.

13 (5) Bonds or notes issued under this section are exempt from
14 all taxation in this state, and the interest on the bonds or notes
15 is exempt from all taxation in this state, notwithstanding that the
16 interest may be subject to federal income tax.

17 (6) The municipality is not liable on bonds or notes of the
18 authority issued under this section, and the bonds or notes are not
19 a debt of the municipality. The bonds or notes shall contain on
20 their face a statement to that effect.

21 (7) The bonds and notes of the authority may be invested in by
22 all public officers, state agencies and political subdivisions,
23 insurance companies, banks, savings and loan associations,
24 investment companies, and fiduciaries and trustees, and may be
25 deposited with and received by all public officers and the agencies
26 and political subdivisions of this state for any purpose for which
27 the deposit of bonds is authorized.

1 Sec. 715. (1) If the authority determines that it is necessary
2 for the achievement of the purposes of this part, the authority
3 shall prepare and submit a tax increment financing plan to the
4 governing body of the municipality. The plan shall include a
5 development plan as provided in section 718, a detailed explanation
6 of the tax increment procedure, the maximum amount of bonded
7 indebtedness to be incurred, and the duration of the program, and
8 shall be in compliance with section 716. The plan shall contain a
9 statement of the estimated impact of tax increment financing on the
10 assessed values of all taxing jurisdictions in which the
11 development area is located. The plan may provide for the use of
12 part or all of the captured assessed value, but the portion
13 intended to be used by the authority shall be clearly stated in the
14 tax increment financing plan. The authority or municipality may
15 exclude from captured assessed value growth in property value
16 resulting solely from inflation. The plan shall set forth the
17 method for excluding growth in property value resulting solely from
18 inflation.

19 (2) Approval of the tax increment financing plan shall comply
20 with the notice, hearing, and disclosure provisions of section 821.
21 If the development plan is part of the tax increment financing
22 plan, only 1 hearing and approval procedure is required for the 2
23 plans together.

24 (3) Before the public hearing on the tax increment financing
25 plan, the governing body shall provide a reasonable opportunity to
26 the taxing jurisdictions levying taxes subject to capture to meet
27 with the governing body. The authority shall fully inform the

1 taxing jurisdictions of the fiscal and economic implications of the
2 proposed development area. The taxing jurisdictions may present
3 their recommendations at the public hearing on the tax increment
4 financing plan. The authority may enter into agreements with the
5 taxing jurisdictions and the governing body of the municipality in
6 which the development area is located to share a portion of the
7 captured assessed value of the development area.

8 (4) A tax increment financing plan may be modified if the
9 modification is approved by the governing body upon notice and
10 after public hearings and agreements as are required for approval
11 of the original plan.

12 (5) Not more than 60 days after the public hearing, the
13 governing body in a taxing jurisdiction levying ad valorem property
14 taxes that would otherwise be subject to capture may exempt its
15 taxes from capture by adopting a resolution to that effect and
16 filing a copy with the clerk of the municipality proposing to
17 create the authority. In the event that the governing body levies a
18 separate millage for public library purposes, at the request of the
19 public library board, that separate millage shall be exempt from
20 the capture. The resolution shall take effect when filed with the
21 clerk and remains effective until a copy of a resolution rescinding
22 that resolution is filed with that clerk.

23 Sec. 716. (1) The municipal and county treasurers shall
24 transmit tax increment revenues to the authority.

25 (2) The authority shall expend the tax increment revenues
26 received for the development program only under the terms of the
27 tax increment financing plan. Unused funds shall revert

1 proportionately to the respective taxing bodies. Tax increment
2 revenues shall not be used to circumvent existing property tax
3 limitations. The governing body of the municipality may abolish the
4 tax increment financing plan if it finds that the purposes for
5 which it was established are accomplished. However, the tax
6 increment financing plan shall not be abolished, allowed to expire,
7 or otherwise terminate until the principal of, and interest on,
8 bonds issued under section 717 have been paid or funds sufficient
9 to make the payment have been segregated.

10 Sec. 717. (1) By resolution of its governing body, the
11 authority may authorize, issue, and sell tax increment bonds
12 subject to the limitations set forth in this subsection to finance
13 the development program of the tax increment financing plan. The
14 tax increment bonds issued by the authority under this subsection
15 shall pledge solely the tax increment revenues of a development
16 area in which the project is located or a development area from
17 which tax increment revenues may be used for this project, or both.
18 In addition or in the alternative, the bonds issued by the
19 authority under this subsection may be secured by any other
20 revenues identified in section 712 as sources of financing for
21 activities of the authority that the authority shall specifically
22 pledge in the resolution. However, except as otherwise provided in
23 this section, the full faith and credit of the municipality shall
24 not be pledged to secure bonds issued under this subsection. The
25 bond issue may include a sum sufficient to pay interest on the tax
26 increment bonds until full development of tax increment revenues
27 from the project and also a sum to provide a reasonable reserve for

1 payment of principal and interest on the bonds. The resolution
2 authorizing the bonds shall create a lien on the tax increment
3 revenues and other revenues pledged by the resolution that shall be
4 a statutory lien and shall be a first lien subject only to liens
5 previously created. The resolution may provide the terms upon which
6 additional bonds may be issued of equal standing and parity of lien
7 as to the tax increment revenues and other revenues pledged under
8 the resolution. Bonds issued under this subsection that pledge
9 revenue received under section 715 for repayment of the bonds are
10 subject to the revised municipal finance act, 2001 PA 34, MCL
11 141.2101 to 141.2821.

12 (2) The municipality, by majority vote of the members of its
13 governing body, may make a limited tax pledge to support the
14 authority's tax increment bonds or notes or, if authorized by the
15 voters of the municipality, may pledge its unlimited tax full faith
16 and credit for the payment of the principal of and interest on the
17 authority's tax increment bonds or notes.

18 Sec. 718. (1) If a board decides to finance a project in a
19 development area by the use of revenue bonds as authorized in
20 section 713 or tax increment financing as authorized in sections
21 715, 716, and 717, it shall prepare a development plan.

22 (2) The development plan shall contain all of the following:

23 (a) The designation of boundaries of the development area in
24 relation to highways, streets, streams, lakes, other bodies of
25 water, or otherwise.

26 (b) The location and extent of existing streets and other
27 public facilities within the development area, designating the

1 location, character, and extent of the categories of public and
2 private land uses then existing and proposed for the development
3 area, including residential, recreational, commercial, industrial,
4 educational, and other uses, and including a legal description of
5 the development area.

6 (c) A description of existing improvements in the development
7 area to be demolished, repaired, or altered, a description of any
8 repairs and alterations, and an estimate of the time required for
9 completion.

10 (d) The location, extent, character, and estimated cost of the
11 improvements including rehabilitation contemplated for the
12 development area and an estimate of the time required for
13 completion.

14 (e) A statement of the construction or stages of construction
15 planned, and the estimated time of completion of each stage.

16 (f) A description of any parts of the development area to be
17 left as open space and the use contemplated for the space.

18 (g) A description of any portions of the development area that
19 the authority desires to sell, donate, exchange, or lease to or
20 from the municipality and the proposed terms.

21 (h) A description of desired zoning changes and changes in
22 streets, street levels, intersections, or utilities.

23 (i) An estimate of the cost of the development, a statement of
24 the proposed method of financing the development, and the ability
25 of the authority to arrange the financing.

26 (j) Designation of the person or persons, natural or
27 corporate, to whom all or a portion of the development is to be

1 leased, sold, or conveyed in any manner and for whose benefit the
2 project is being undertaken if that information is available to the
3 authority.

4 (k) The procedures for bidding for the leasing, purchasing, or
5 conveying in any manner of all or a portion of the development upon
6 its completion, if there is no express or implied agreement between
7 the authority and persons, natural or corporate, that all or a
8 portion of the development will be leased, sold, or conveyed in any
9 manner to those persons.

10 (l) The requirement that amendments to an approved development
11 plan or tax increment plan must be submitted by the authority to
12 the governing body for approval or rejection.

13 (m) The water resource improvements that will be made in the
14 development area.

15 (n) Other material that the authority, local public agency, or
16 governing body considers pertinent.

17 (o) Based on consultation with the affected state and federal
18 authorities, an identification of the permits the board believes
19 necessary to complete the proposed public facility and an
20 explanation of how the proposed public facility will meet the
21 requirements necessary for issuance of each permit.

22 Sec. 719. (1) The governing body, before adoption of an
23 ordinance approving a development plan or tax increment financing
24 plan, shall hold a public hearing on the development plan. Notice
25 of the time and place of the hearing shall be given by publication
26 twice in a newspaper of general circulation designated by the
27 municipality, the first of which shall be not less than 20 days

1 before the date set for the hearing. Notice of the hearing shall be
2 posted in at least 20 conspicuous and public places in the
3 development area not less than 20 days before the hearing. Notice
4 shall also be mailed to all property taxpayers of record in the
5 development area and to the governing body of each taxing
6 jurisdiction levying taxes that would be subject to capture if the
7 tax increment financing plan is approved not less than 20 days
8 before the hearing.

9 (2) Notice of the time and place of hearing on a development
10 plan shall contain all of the following:

11 (a) A description of the proposed development area in relation
12 to highways, streets, streams, or otherwise.

13 (b) A statement that maps, plats, and a description of the
14 development plan, including the method of relocating families and
15 individuals who may be displaced from the area, are available for
16 public inspection at a place designated in the notice.

17 (c) A statement that all aspects of the development plan will
18 be open for discussion at the public hearing.

19 (d) Other information that the governing body considers
20 appropriate.

21 (3) At the time set for the hearing, the governing body shall
22 provide an opportunity for interested persons to speak and shall
23 receive and consider communications in writing. The hearing shall
24 provide the fullest opportunity for expression of opinion, for
25 argument on the merits, and for consideration of documentary
26 evidence pertinent to the development plan. The governing body
27 shall make and preserve a record of the public hearing, including

1 all data presented at the hearing.

2 Sec. 720. The governing body after a public hearing on the
3 development plan or the tax increment financing plan, or both, with
4 notice given under section 819, shall determine whether the
5 development plan or tax increment financing plan constitutes a
6 public purpose. If it determines that the development plan or tax
7 increment financing plan constitutes a public purpose, it shall by
8 ordinance approve or reject the plan, or approve it with
9 modification, based on the following considerations:

10 (a) The findings and recommendations of a development area
11 citizens council, if a development area citizens council was
12 formed.

13 (b) The plan meets the requirements under section 818(2).

14 (c) The proposed method of financing the development is
15 feasible and the authority has the ability to arrange the
16 financing.

17 (d) The development is reasonable and necessary to carry out
18 the purposes of this part.

19 (e) The land included within the development area to be
20 acquired is reasonably necessary to carry out the purposes of the
21 plan and of this part in an efficient and economically satisfactory
22 manner.

23 (f) The development plan is in reasonable accord with the land
24 use plan of the municipality.

25 (g) Public services, such as fire and police protection and
26 utilities, are or will be adequate to service the project area.

27 (h) Changes in zoning, streets, street levels, intersections,

and utilities are reasonably necessary for the project and for the municipality.

Sec. 721. (1) The director of the authority shall submit a budget to the board for the operation of the authority for each fiscal year before the beginning of the fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. After review by the board, the budget shall be submitted to the governing body. The governing body must approve the budget before the board may adopt the budget.

Unless authorized by the governing body or this part, funds of the municipality shall not be included in the budget of the authority.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which shall be paid annually by the board pursuant to an appropriate item in its budget.

Sec. 722. An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

PART 8

Sec. 801. This part shall be known and may be cited as the "neighborhood improvement authority part".

Sec. 802. As used in this part:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in

1 anticipation of repayment by the authority. Evidence of the intent
2 to repay an advance may include, but is not limited to, an executed
3 agreement to repay, provisions contained in a tax increment
4 financing plan approved prior to the advance, or a resolution of
5 the authority or the municipality.

6 (b) "Assessed value" means the taxable value as determined
7 under section 27a of the general property tax act, 1893 PA 206, MCL
8 211.27a.

9 (c) "Authority" means a neighborhood improvement authority
10 created under this part.

11 (d) "Board" means the governing body of an authority.

12 (e) "Captured assessed value" means the amount in any 1 year
13 by which the current assessed value of the development area,
14 including the assessed value of property for which specific local
15 taxes are paid in lieu of property taxes as determined in section
16 803(d), exceeds the initial assessed value. The state tax
17 commission shall prescribe the method for calculating captured
18 assessed value.

19 (f) "Chief executive officer" means the mayor or city manager
20 of a city or the president or village manager of a village.

21 (g) "Development area" means that area described in section
22 805 to which a development plan is applicable.

23 (h) "Development plan" means that information and those
24 requirements for a development area set forth in section 819.

25 (i) "Development program" means the implementation of the
26 development plan.

27 (j) "Fiscal year" means the fiscal year of the authority.

1 (k) "Governing body" or "governing body of a municipality"
2 means the elected body of a municipality having legislative powers.

3 (l) "Housing" means publicly owned housing, individual or
4 multifamily.

5 (m) "Initial assessed value" means the assessed value of all
6 the taxable property within the boundaries of the development area
7 at the time the ordinance establishing the tax increment financing
8 plan is approved, as shown by the most recent assessment roll of
9 the municipality at the time the resolution is adopted. Property
10 exempt from taxation at the time of the determination of the
11 initial assessed value shall be included as zero. For the purpose
12 of determining initial assessed value, property for which a
13 specific local tax is paid in lieu of a property tax shall not be
14 considered to be property that is exempt from taxation. The initial
15 assessed value of property for which a specific local tax was paid
16 in lieu of a property tax shall be determined as provided in
17 section 803(d).

18 (n) "Land use plan" means a plan prepared under former 1921 PA
19 207 or a site plan under the Michigan zoning enabling act, 2006 PA
20 110, MCL 125.3101 to 125.3702.

21 (o) "Municipality" means a city or a village.

22 Sec. 803. As used in this part:

23 (a) "Operations" means office maintenance, including salaries
24 and expenses of employees, office supplies, consultation fees,
25 design costs, and other expenses incurred in the daily management
26 of the authority and planning of its activities.

27 (b) "Parcel" means an identifiable unit of land that is

1 treated as separate for valuation or zoning purposes.

2 (c) "Public facility" means housing, a street, plaza,
3 pedestrian mall, and any improvements to a street, plaza, or
4 pedestrian mall including street furniture and beautification,
5 park, parking facility, recreational facility, right-of-way,
6 structure, waterway, bridge, lake, pond, canal, utility line or
7 pipe, or building, including access routes designed and dedicated
8 to use by the public generally, or used by a public agency. Public
9 facility includes an improvement to a facility used by the public
10 or a public facility as those terms are defined in section 1 of
11 1966 PA 1, MCL 125.1351, if the improvement complies with the
12 barrier free design requirements of the state construction code
13 promulgated under the Stille-DeRossett-Hale single state
14 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

15 (d) "Residential district" means an area of a municipality
16 where 75% or more of the area is zoned for residential housing.

17 (e) "Specific local tax" means a tax levied under 1974 PA 198,
18 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
19 255, MCL 207.651 to 207.668, the technology park development act,
20 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
21 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
22 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
23 210, MCL 207.841 to 207.856. The initial assessed value or current
24 assessed value of property subject to a specific local tax shall be
25 the quotient of the specific local tax paid divided by the ad
26 valorem millage rate. The state tax commission shall prescribe the
27 method for calculating the initial assessed value and current

1 assessed value of property for which a specific local tax was paid
2 in lieu of a property tax.

3 (f) "State fiscal year" means the annual period commencing
4 October 1 of each year.

5 (g) "Tax increment revenues" means the amount of ad valorem
6 property taxes and specific local taxes attributable to the
7 application of the levy of all taxing jurisdictions upon the
8 captured assessed value of real and personal property in the
9 development area. Tax increment revenues do not include any of the
10 following:

11 (i) Taxes under the state education tax act, 1993 PA 331, MCL
12 211.901 to 211.906.

13 (ii) Taxes levied by local or intermediate school districts.

14 (iii) Ad valorem property taxes attributable either to a
15 portion of the captured assessed value shared with taxing
16 jurisdictions within the jurisdictional area of the authority or to
17 a portion of value of property that may be excluded from captured
18 assessed value or specific local taxes attributable to the ad
19 valorem property taxes.

20 (iv) Ad valorem property taxes excluded by the tax increment
21 financing plan of the authority from the determination of the
22 amount of tax increment revenues to be transmitted to the authority
23 or specific local taxes attributable to the ad valorem property
24 taxes.

25 (v) Ad valorem property taxes exempted from capture under
26 section 814(5) or specific local taxes attributable to those ad
27 valorem property taxes.

1 (vi) Ad valorem property taxes specifically levied for the
2 payment of principal and interest of obligations approved by the
3 electors or obligations pledging the unlimited taxing power of the
4 local governmental unit or specific taxes attributable to those ad
5 valorem property taxes.

6 Sec. 804. (1) Except as otherwise provided in this subsection,
7 a municipality may establish multiple authorities. A parcel of
8 property shall not be included in more than 1 authority created
9 under this part.

10 (2) An authority is a public body corporate that may sue and
11 be sued in any court of this state. An authority possesses all the
12 powers necessary to carry out its purpose. The enumeration of a
13 power in this part shall not be construed as a limitation upon the
14 general powers of an authority.

15 Sec. 805. (1) If the governing body of a municipality
16 determines that it is necessary for the best interests of the
17 public to promote residential growth in a residential district and
18 to promote economic growth, the governing body may, by resolution,
19 declare its intention to create and provide for the operation of an
20 authority.

21 (2) In the resolution of intent, the governing body shall set
22 a date for a public hearing on the adoption of a proposed ordinance
23 creating the authority and designating the boundaries of the
24 development area. Notice of the public hearing shall be published
25 twice in a newspaper of general circulation in the municipality,
26 not less than 20 or more than 40 days before the date of the
27 hearing. Not less than 20 days before the hearing, the governing

1 body proposing to create the authority shall also mail notice of
2 the hearing to the property taxpayers of record in the proposed
3 development area and to the governing body of each taxing
4 jurisdiction levying taxes that would be subject to capture if the
5 authority is established and a tax increment financing plan is
6 approved. Failure of a property taxpayer to receive the notice does
7 not invalidate these proceedings. Notice of the hearing shall be
8 posted in at least 20 conspicuous and public places in the proposed
9 development area not less than 20 days before the hearing. The
10 notice shall state the date, time, and place of the hearing and
11 shall describe the boundaries of the proposed development area. A
12 citizen, taxpayer, or property owner of the municipality or an
13 official from a taxing jurisdiction with millage that would be
14 subject to capture has the right to be heard in regard to the
15 establishment of the authority and the boundaries of the proposed
16 development area. The governing body of the municipality shall not
17 incorporate land into the development area not included in the
18 description contained in the notice of public hearing, but it may
19 eliminate described lands from the development area in the final
20 determination of the boundaries.

21 (3) Not less than 60 days after the public hearing, if the
22 governing body of the municipality intends to proceed with the
23 establishment of the authority, it shall adopt, by majority vote of
24 its members, an ordinance establishing the authority and
25 designating the boundaries of the development area within which the
26 authority shall exercise its powers. The adoption of the ordinance
27 is subject to any applicable statutory or charter provisions in

1 respect to the approval or disapproval by the chief executive or
2 other officer of the municipality and the adoption of an ordinance
3 over his or her veto. This ordinance shall be filed with the
4 secretary of state promptly after its adoption and shall be
5 published at least once in a newspaper of general circulation in
6 the municipality.

7 (4) The governing body of the municipality may alter or amend
8 the boundaries of the development area to include or exclude lands
9 from the development area in the same manner as adopting the
10 ordinance creating the authority.

11 (5) A residential district or development area under this part
12 shall not include an area of a municipality that is part of a
13 residential district or a development area under the historical
14 neighborhood tax increment finance authority act, 2004 PA 530, MCL
15 125.2841 to 125.2866.

16 (6) An authority created under this part shall have a duration
17 of not more than 30 years from the date of the resolution creating
18 the authority. The governing body of a municipality may extend the
19 duration of the authority by resolution if the purposes for which
20 the authority was created still exist.

21 Sec. 806. If a development area is part of an area annexed to
22 or consolidated with another municipality, the authority managing
23 that development area shall become an authority of the annexing or
24 consolidated municipality. Obligations of that authority incurred
25 under a development or tax increment plan, agreements related to a
26 development or tax increment plan, and bonds issued under this part
27 shall remain in effect following the annexation or consolidation.

1 Sec. 807. (1) An authority shall be under the supervision and
2 control of a board consisting of the chief executive officer of the
3 municipality or his or her designee and not less than 5 or more
4 than 9 members as determined by the governing body of the
5 municipality. Members shall be appointed by the chief executive
6 officer of the municipality, subject to approval by the governing
7 body of the municipality. Not less than a majority of the members
8 shall be persons having an ownership or business interest in
9 property located in the development area. At least 1 of the members
10 shall be a resident of the development area or of an area within
11 1/2 mile of any part of the development area. Of the members first
12 appointed, an equal number of the members, as near as is
13 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
14 years. A member shall hold office until the member's successor is
15 appointed. After the initial appointment, each member shall serve
16 for a term of 4 years. An appointment to fill a vacancy shall be
17 made by the chief executive officer of the municipality for the
18 unexpired term only. Members of the board shall serve without
19 compensation, but shall be reimbursed for actual and necessary
20 expenses. The chairperson of the board shall be elected by the
21 board.

22 (2) Before assuming the duties of office, a member shall
23 qualify by taking and subscribing to the constitutional oath of
24 office.

25 (3) The proceedings and rules of the board are subject to the
26 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
27 shall adopt rules governing its procedure and the holding of

1 regular meetings, subject to the approval of the governing body.
2 Special meetings may be held if called in the manner provided in
3 the rules of the board.

4 (4) After having been given notice and an opportunity to be
5 heard, a member of the board may be removed for cause by the
6 governing body.

7 (5) All expense items of the authority shall be publicized
8 monthly and the financial records shall always be open to the
9 public.

10 (6) A writing prepared, owned, used, in the possession of, or
11 retained by the board in the performance of an official function is
12 subject to the freedom of information act, 1976 PA 442, MCL 15.231
13 to 15.246.

14 Sec. 808. (1) The board may employ and fix the compensation of
15 a director, subject to the approval of the governing body of the
16 municipality. The director shall serve at the pleasure of the
17 board. A member of the board is not eligible to hold the position
18 of director. Before beginning his or her duties, the director shall
19 take and subscribe to the constitutional oath, and furnish bond, by
20 posting a bond in the sum determined in the ordinance establishing
21 the authority payable to the authority for use and benefit of the
22 authority, approved by the board, and filed with the municipal
23 clerk. The premium on the bond shall be considered an operating
24 expense of the authority, payable from funds available to the
25 authority for expenses of operation. The director shall be the
26 chief executive officer of the authority. Subject to the approval
27 of the board, the director shall supervise and be responsible for

1 the preparation of plans and the performance of the functions of
2 the authority in the manner authorized by this part. The director
3 shall attend the meetings of the board and shall provide to the
4 board and to the governing body of the municipality a regular
5 report covering the activities and financial condition of the
6 authority. If the director is absent or disabled, the board may
7 designate a qualified person as acting director to perform the
8 duties of the office. Before beginning his or her duties, the
9 acting director shall take and subscribe to the oath, and furnish
10 bond, as required of the director. The director shall furnish the
11 board with information or reports governing the operation of the
12 authority as the board requires.

13 (2) The board may employ and fix the compensation of a
14 treasurer, who shall keep the financial records of the authority
15 and who, together with the director, shall approve all vouchers for
16 the expenditure of funds of the authority. The treasurer shall
17 perform all duties delegated to him or her by the board and shall
18 furnish bond in an amount prescribed by the board.

19 (3) The board may employ and fix the compensation of a
20 secretary, who shall maintain custody of the official seal and of
21 records, books, documents, or other papers not required to be
22 maintained by the treasurer. The secretary shall attend meetings of
23 the board and keep a record of its proceedings and shall perform
24 other duties delegated by the board.

25 (4) The board may retain legal counsel to advise the board in
26 the proper performance of its duties. The legal counsel shall
27 represent the authority in actions brought by or against the

1 authority.

2 (5) The board may employ other personnel considered necessary
3 by the board.

4 Sec. 809. The employees of an authority shall be eligible to
5 participate in municipal retirement and insurance programs of the
6 municipality as if they were civil service employees except that
7 the employees of an authority are not civil service employees.

8 Sec. 810. The board may do any of the following:

9 (a) Prepare an analysis of economic changes taking place in
10 the development area.

11 (b) Study and analyze the impact of metropolitan growth upon
12 the development area.

13 (c) Plan and propose the construction, renovation, repair,
14 remodeling, rehabilitation, restoration, preservation, or
15 reconstruction of a public facility, an existing building, or a
16 multiple-family dwelling unit which may be necessary or appropriate
17 to the execution of a plan which, in the opinion of the board, aids
18 in the residential growth and economic growth of the development
19 area.

20 (d) Plan, propose, and implement an improvement to a public
21 facility within the development area to comply with the barrier
22 free design requirements of the state construction code promulgated
23 under the Stille-DeRossett-Hale single state construction code act,
24 1972 PA 230, MCL 125.1501 to 125.1531.

25 (e) Develop long-range plans, in cooperation with the agency
26 that is chiefly responsible for planning in the municipality,
27 designed to halt the deterioration of property values in the

1 development area and to promote the residential growth and economic
2 growth of the development area, and take steps as may be necessary
3 to persuade property owners to implement the plans to the fullest
4 extent possible.

5 (f) Implement any plan of development, including housing for
6 low-income individuals, in the development area necessary to
7 achieve the purposes of this part in accordance with the powers of
8 the authority granted by this part.

9 (g) Make and enter into contracts necessary or incidental to
10 the exercise of its powers and the performance of its duties.

11 (h) Acquire by purchase or otherwise, on terms and conditions
12 and in a manner the authority considers proper or own, convey, or
13 otherwise dispose of, or lease as lessor or lessee, land and other
14 property, real or personal, or rights or interests in the property,
15 that the authority determines is reasonably necessary to achieve
16 the purposes of this part, and to grant or acquire licenses,
17 easements, and options.

18 (i) Improve land and construct, reconstruct, rehabilitate,
19 restore and preserve, equip, clear, improve, maintain, repair, and
20 operate any public facility, building, including multiple-family
21 dwellings, and any necessary or desirable appurtenances to those
22 buildings, within the development area for the use, in whole or in
23 part, of any public or private person or corporation, or a
24 combination thereof.

25 (j) Fix, charge, and collect fees, rents, and charges for the
26 use of any facility, building, or property under its control or any
27 part of the facility, building, or property, and pledge the fees,

1 rents, and charges for the payment of revenue bonds issued by the
2 authority.

3 (k) Lease, in whole or in part, any facility, building, or
4 property under its control.

5 (l) Accept grants and donations of property, labor, or other
6 things of value from a public or private source.

7 (m) Acquire and construct public facilities.

8 Sec. 811. (1) The activities of the authority shall be
9 financed from 1 or more of the following sources:

10 (a) Donations to the authority for the performance of its
11 functions.

12 (b) Money borrowed and to be repaid as authorized by sections
13 812 and 813.

14 (c) Revenues from any property, building, or facility owned,
15 leased, licensed, or operated by the authority or under its
16 control, subject to the limitations imposed upon the authority by
17 trusts or other agreements.

18 (d) Proceeds of a tax increment financing plan established
19 under sections 814 to 816.

20 (e) Proceeds from a special assessment district created as
21 provided by law.

22 (f) Money obtained from other sources approved by the
23 governing body of the municipality or otherwise authorized by law
24 for use by the authority or the municipality to finance a
25 development program.

26 (2) Money received by the authority and not covered under
27 subsection (1) shall immediately be deposited to the credit of the

1 authority, subject to disbursement under this part. Except as
2 provided in this part, the municipality shall not obligate itself,
3 and shall not be obligated, to pay any sums from public funds,
4 other than money received by the municipality under this section,
5 for or on account of the activities of the authority.

6 Sec. 812. The authority may borrow money and issue its
7 negotiable revenue bonds under the revenue bond act of 1933, 1933
8 PA 94, MCL 141.101 to 141.140.

9 Sec. 813. (1) The authority may with approval of the local
10 governing body borrow money and issue its revenue bonds or notes to
11 finance all or part of the costs of acquiring or constructing
12 property in connection with either of the following:

13 (a) The implementation of a development plan in the
14 development area.

15 (b) The refund, or refund in advance, of bonds or notes issued
16 under this section.

17 (2) Any of the following may be financed by the issuance of
18 revenue bonds or notes:

19 (a) The cost of purchasing, acquiring, constructing,
20 improving, enlarging, extending, or repairing property in
21 connection with the implementation of a development plan in the
22 development area.

23 (b) Any engineering, architectural, legal, accounting, or
24 financial expenses.

25 (c) The costs necessary or incidental to the borrowing of
26 money.

27 (d) Interest on the bonds or notes during the period of

1 construction.

2 (e) A reserve for payment of principal and interest on the
3 bonds or notes.

4 (f) A reserve for operation and maintenance until sufficient
5 revenues have developed.

6 (3) The authority may secure the bonds and notes by mortgage,
7 assignment, or pledge of the property and any money, revenues, or
8 income received in connection with the property.

9 (4) A pledge made by the authority is valid and binding from
10 the time the pledge is made. The money or property pledged by the
11 authority immediately is subject to the lien of the pledge without
12 a physical delivery, filing, or further act. The lien of a pledge
13 is valid and binding against parties having claims of any kind in
14 tort, contract, or otherwise, against the authority, whether or not
15 the parties have notice of the lien. Neither the resolution, the
16 trust agreement, nor any other instrument by which a pledge is
17 created must be filed or recorded to be enforceable.

18 (5) Bonds or notes issued under this section are exempt from
19 all taxation in this state except inheritance and transfer taxes,
20 and the interest on the bonds or notes is exempt from all taxation
21 in this state, notwithstanding that the interest may be subject to
22 federal income tax.

23 (6) The municipality is not liable on bonds or notes of the
24 authority issued under this section, and the bonds or notes are not
25 a debt of the municipality. The bonds or notes shall contain on
26 their face a statement to that effect.

27 (7) The bonds and notes of the authority may be invested in by

1 all public officers, state agencies and political subdivisions,
2 insurance companies, banks, savings and loan associations,
3 investment companies, and fiduciaries and trustees, and may be
4 deposited with and received by all public officers and the agencies
5 and political subdivisions of this state for any purpose for which
6 the deposit of bonds is authorized.

7 Sec. 814. (1) If the authority determines that it is necessary
8 for the achievement of the purposes of this part, the authority
9 shall prepare and submit a tax increment financing plan to the
10 governing body of the municipality. The plan shall include a
11 development plan as provided in section 816, a detailed explanation
12 of the tax increment procedure, the maximum amount of bonded
13 indebtedness to be incurred, and the duration of the program, and
14 shall be in compliance with section 815. The plan shall contain a
15 statement of the estimated impact of tax increment financing on the
16 assessed values of all taxing jurisdictions in which the
17 development area is located. The plan may provide for the use of
18 part or all of the captured assessed value, but the portion
19 intended to be used by the authority shall be clearly stated in the
20 tax increment financing plan. The authority or municipality may
21 exclude from captured assessed value growth in property value
22 resulting solely from inflation. The plan shall set forth the
23 method for excluding growth in property value resulting solely from
24 inflation.

25 (2) Approval of the tax increment financing plan shall comply
26 with the notice, hearing, and disclosure provisions of section 818.
27 If the development plan is part of the tax increment financing

1 plan, only 1 hearing and approval procedure is required for the 2
2 plans together.

3 (3) Before the public hearing on the tax increment financing
4 plan, the governing body shall provide a reasonable opportunity to
5 the taxing jurisdictions levying taxes subject to capture to meet
6 with the governing body. The authority shall fully inform the
7 taxing jurisdictions of the fiscal and economic implications of the
8 proposed development area. The taxing jurisdictions may present
9 their recommendations at the public hearing on the tax increment
10 financing plan. The authority may enter into agreements with the
11 taxing jurisdictions and the governing body of the municipality in
12 which the development area is located to share a portion of the
13 captured assessed value of the development area.

14 (4) A tax increment financing plan may be modified if the
15 modification is approved by the governing body upon notice and
16 after public hearings and agreements as are required for approval
17 of the original plan.

18 (5) Not more than 60 days after the public hearing, the
19 governing body in a taxing jurisdiction levying ad valorem property
20 taxes that would otherwise be subject to capture may exempt its
21 taxes from capture by adopting a resolution to that effect and
22 filing a copy with the clerk of the municipality proposing to
23 create the authority. In the event that the governing body levies a
24 separate millage for public library purposes, at the request of the
25 public library board, that separate millage shall be exempt from
26 the capture. The resolution shall take effect when filed with the
27 clerk and remains effective until a copy of a resolution rescinding

1 that resolution is filed with that clerk.

2 Sec. 815. (1) The municipal and county treasurers shall
3 transmit tax increment revenues to the authority.

4 (2) The authority shall expend the tax increment revenues
5 received for the development program only under the terms of the
6 tax increment financing plan. Unused funds shall revert
7 proportionately to the respective taxing bodies. Tax increment
8 revenues shall not be used to circumvent existing property tax
9 limitations. The governing body of the municipality may abolish the
10 tax increment financing plan if it finds that the purposes for
11 which it was established are accomplished. However, the tax
12 increment financing plan shall not be abolished, allowed to expire,
13 or otherwise terminate until the principal of, and interest on,
14 bonds issued under section 816 have been paid or funds sufficient
15 to make the payment have been segregated.

16 Sec. 816. (1) By resolution of its governing body, the
17 authority may authorize, issue, and sell tax increment bonds
18 subject to the limitations set forth in this subsection to finance
19 the development program of the tax increment financing plan. The
20 tax increment bonds issued by the authority under this subsection
21 shall pledge solely the tax increment revenues of a development
22 area in which the project is located or a development area from
23 which tax increment revenues may be used for this project, or both.
24 In addition or in the alternative, the bonds issued by the
25 authority under this subsection may be secured by any other
26 revenues identified in section 811 as sources of financing for
27 activities of the authority that the authority shall specifically

1 pledge in the resolution. However, except as otherwise provided in
2 this section, the full faith and credit of the municipality shall
3 not be pledged to secure bonds issued under this subsection. The
4 bond issue may include a sum sufficient to pay interest on the tax
5 increment bonds until full development of tax increment revenues
6 from the project and also a sum to provide a reasonable reserve for
7 payment of principal and interest on the bonds. The resolution
8 authorizing the bonds shall create a lien on the tax increment
9 revenues and other revenues pledged by the resolution that shall be
10 a statutory lien and shall be a first lien subject only to liens
11 previously created. The resolution may provide the terms upon which
12 additional bonds may be issued of equal standing and parity of lien
13 as to the tax increment revenues and other revenues pledged under
14 the resolution. Bonds issued under this subsection are subject to
15 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
16 141.2821.

17 (2) The municipality, by majority vote of the members of its
18 governing body, may make a limited tax pledge to support the
19 authority's tax increment bonds or notes or, if authorized by the
20 voters of the municipality, may pledge its unlimited tax full faith
21 and credit for the payment of the principal of and interest on the
22 authority's tax increment bonds or notes.

23 Sec. 817. (1) If a board decides to finance a project in a
24 development area by the use of revenue bonds as authorized in
25 section 812 or tax increment financing as authorized in sections
26 814, 815, and 816, it shall prepare a development plan.

27 (2) The development plan shall contain all of the following:

1 (a) The designation of boundaries of the development area in
2 relation to highways, streets, streams, or otherwise.

3 (b) The location and extent of existing streets and other
4 public facilities within the development area, designating the
5 location, character, and extent of the categories of public and
6 private land uses then existing and proposed for the development
7 area, including residential, recreational, commercial, industrial,
8 educational, and other uses, and including a legal description of
9 the development area.

10 (c) A description of existing improvements in the development
11 area to be demolished, repaired, or altered, a description of any
12 repairs and alterations, and an estimate of the time required for
13 completion.

14 (d) The location, extent, character, and estimated cost of the
15 improvements including rehabilitation contemplated for the
16 development area and an estimate of the time required for
17 completion.

18 (e) A statement of the construction or stages of construction
19 planned, and the estimated time of completion of each stage.

20 (f) A description of any parts of the development area to be
21 left as open space and the use contemplated for the space.

22 (g) A description of any portions of the development area that
23 the authority desires to sell, donate, exchange, or lease to or
24 from the municipality and the proposed terms.

25 (h) A description of desired zoning changes and changes in
26 streets, street levels, intersections, or utilities.

27 (i) An estimate of the cost of the development, a statement of

1 the proposed method of financing the development, and the ability
2 of the authority to arrange the financing.

3 (j) Designation of the person or persons, natural or
4 corporate, to whom all or a portion of the development is to be
5 leased, sold, or conveyed in any manner and for whose benefit the
6 project is being undertaken if that information is available to the
7 authority.

8 (k) The procedures for bidding for the leasing, purchasing, or
9 conveying in any manner of all or a portion of the development upon
10 its completion, if there is no express or implied agreement between
11 the authority and persons, natural or corporate, that all or a
12 portion of the development will be leased, sold, or conveyed in any
13 manner to those persons.

14 (l) The requirement that amendments to an approved development
15 plan or tax increment plan must be submitted by the authority to
16 the governing body for approval or rejection.

17 (m) Other material that the authority, local public agency, or
18 governing body considers pertinent.

19 Sec. 818. (1) The governing body, before adoption of an
20 ordinance approving a development plan or tax increment financing
21 plan, shall hold a public hearing on the development plan. Notice
22 of the time and place of the hearing shall be given by publication
23 twice in a newspaper of general circulation designated by the
24 municipality, the first of which shall be not less than 20 days
25 before the date set for the hearing. Notice of the hearing shall be
26 posted in at least 20 conspicuous and public places in the
27 development area not less than 20 days before the hearing. Notice

1 shall also be mailed to all property taxpayers of record in the
2 development area and to the governing body of each taxing
3 jurisdiction levying taxes that would be subject to capture if the
4 tax increment financing plan is approved not less than 20 days
5 before the hearing.

6 (2) Notice of the time and place of hearing on a development
7 plan shall contain all of the following:

8 (a) A description of the proposed development area in relation
9 to highways, streets, streams, or otherwise.

10 (b) A statement that maps, plats, and a description of the
11 development plan, including the method of relocating families and
12 individuals who may be displaced from the area, if any, are
13 available for public inspection at a place designated in the
14 notice.

15 (c) A statement that all aspects of the development plan will
16 be open for discussion at the public hearing.

17 (d) Other information that the governing body considers
18 appropriate.

19 (3) At the time set for the hearing, the governing body shall
20 provide an opportunity for interested persons to speak and shall
21 receive and consider communications in writing. The hearing shall
22 provide the fullest opportunity for expression of opinion, for
23 argument on the merits, and for consideration of documentary
24 evidence pertinent to the development plan. The governing body
25 shall make and preserve a record of the public hearing, including
26 all data presented at the hearing.

27 Sec. 819. The governing body after a public hearing on the

1 development plan or the tax increment financing plan, or both, with
2 notice given under section 818, shall determine whether the
3 development plan or tax increment financing plan constitutes a
4 public purpose. If it determines that the development plan or tax
5 increment financing plan constitutes a public purpose, it shall by
6 ordinance approve or reject the plan, or approve it with
7 modification, based on the following considerations:

8 (a) The plan meets the requirements under section 817(2).

9 (b) The proposed method of financing the development is
10 feasible and the authority has the ability to arrange the
11 financing.

12 (c) The development is reasonable and necessary to carry out
13 the purposes of this part.

14 (d) The land included within the development area to be
15 acquired is reasonably necessary to carry out the purposes of the
16 plan and of this part in an efficient and economically satisfactory
17 manner.

18 (e) The development plan is in reasonable accord with the land
19 use plan of the municipality.

20 (f) Public services, such as fire and police protection and
21 utilities, are or will be adequate to service the project area.

22 (g) Changes in zoning, streets, street levels, intersections,
23 and utilities are reasonably necessary for the project and for the
24 municipality.

25 Sec. 820. (1) The director of the authority shall submit a
26 budget to the board for the operation of the authority for each
27 fiscal year before the beginning of the fiscal year. The budget

1 shall be prepared in the manner and contain the information
2 required of municipal departments. After review by the board, the
3 budget shall be submitted to the governing body. The governing body
4 must approve the budget before the board may adopt the budget.
5 Unless authorized by the governing body or this part, funds of the
6 municipality shall not be included in the budget of the authority.

7 (2) The governing body of the municipality may assess a
8 reasonable pro rata share of the funds for the cost of handling and
9 auditing the funds against the funds of the authority, other than
10 those committed, which shall be paid annually by the board pursuant
11 to an appropriate item in its budget.

12 Sec. 821. An authority that has completed the purposes for
13 which it was organized shall be dissolved by ordinance of the
14 governing body. The property and assets of the authority remaining
15 after the satisfaction of the obligations of the authority belong
16 to the municipality.

17 PART 9

18 Sec. 901. As used in this part:

19 (a) "Authority" means all of the following:

20 (i) An authority as defined in part 2.

21 (ii) An authority as defined in part 3.

22 (iii) An authority as defined in part 4.

23 (iv) An authority as defined in part 6.

24 (v) An authority as defined in part 7.

25 (vi) An authority as defined in part 8.

26 (b) "Municipality" means all of the following:

27 (i) A municipality as defined in part 2.

1 (ii) A municipality as defined in part 3.

2 (iii) A municipality as defined in part 4.

3 (iv) A municipality as defined in part 6.

4 (v) A municipality as defined in part 7.

5 (vi) An municipality as defined in part 8.

6 Sec. 910. (1) Subject to subsection (5), each municipality
7 that has created an authority or that creates an authority shall
8 create a website or utilize the existing website of the
9 municipality that is operated and regularly maintained with access
10 to authority records and documents for the fiscal year beginning on
11 the effective date of this act, including all of the following:

12 (a) Minutes of all board meetings.

13 (b) Annual budget, including encumbered and unencumbered fund
14 balances.

15 (c) Annual audits.

16 (d) Currently adopted development plan, if not included in a
17 tax increment financing plan.

18 (e) Currently adopted tax increment finance plan, if currently
19 capturing tax increment revenues.

20 (f) Current authority staff contact information.

21 (g) A listing of current contracts with a description of those
22 contracts and other documents related to management of the
23 authority and services provided to the authority.

24 (h) Updated synopsis of activities of the authority. An
25 updated synopsis of the activities of the authority includes all of
26 the following, if any:

27 (i) For any tax increment revenues described in the annual

1 audit that are not expended within 5 years of their receipt, a
2 description that provides the following:

3 (A) The reasons for accumulating those funds and the uses for
4 which those funds will be expended.

5 (B) A time frame when the fund will be expended.

6 (C) If any funds have not been expended within 10 years of
7 their receipt, both of the following:

8 (I) The amount of those funds.

9 (II) A written explanation of why those funds have not been
10 expended.

11 (ii) List of authority accomplishments, including progress
12 made on development plan and tax increment finance plan goals and
13 objectives for the immediately preceding fiscal year.

14 (iii) List of authority projects and investments, including
15 active and completed projects for the immediately preceding fiscal
16 year.

17 (iv) List of authority events and promotional campaigns for
18 the immediately preceding fiscal year.

19 (2) The requirements in subsection (1) are required for
20 records and documents related to fiscal years as follows:

21 (a) For the fiscal year in which this act takes effect, the
22 records and documents for that fiscal year.

23 (b) For the fiscal year 1 year following the effective date of
24 this act, the records and documents for that fiscal year and the
25 immediately preceding fiscal year.

26 (c) For the fiscal year 2 years following the effective date
27 of this act, the records and documents for that fiscal year and the

1 2 immediately preceding fiscal years.

2 (d) For the fiscal year 3 years following the effective date
3 of this act, the records and documents for the fiscal year and the
4 3 immediately preceding fiscal years.

5 (e) For the fiscal year 4 years following the effective date
6 of this act and each subsequent fiscal year, the records and
7 documents for the fiscal year and the 4 immediately preceding
8 fiscal years.

9 (3) The requirements of this section shall not take effect
10 until 180 days after the end of an authority's current fiscal year
11 as of the effective date of this act.

12 (4) Each year, the board of an authority shall hold not fewer
13 than 2 informational meetings. Notice of an informational meeting
14 shall be posted on the municipality's or authority's website not
15 less than 14 days before the date of the informational meeting. Not
16 less than 14 days before the informational meeting, the board of an
17 authority shall mail notice of the informational meeting to the
18 governing body of each taxing jurisdiction levying taxes that are
19 subject to capture by an authority under this act. As an
20 alternative to mailing notice of the informational meeting, the
21 board of the authority may notify the clerk of the governing body
22 of each taxing jurisdiction levying taxes that are subject to
23 capture by an authority under this act by electronic mail. The
24 informational meetings may be held in conjunction with other public
25 meetings of the authority or municipality.

26 (5) If the municipality creating an authority does not have an
27 existing website and chooses not to create a website under

1 subsection (1), the municipality shall maintain the records
2 described in subsection (1) at a physical location within the
3 municipality that is open to the public.

4 Sec. 911. (1) Annually, on a form and in the manner prescribed
5 by the department of treasury, an authority that is capturing tax
6 increment revenues shall submit to the governing body of the
7 municipality, the governing body of a taxing unit levying taxes
8 subject to capture by an authority, and the department of treasury
9 a report on the status of the tax increment financing account.

10 However, an authority may submit by electronic means a report
11 described in this subsection to the governing body of the
12 municipality and the governing body of a taxing unit levying taxes
13 subject to capture by the authority. The report shall include all
14 of the following:

15 (a) The name of the authority.

16 (b) The date the authority was formed, the date the tax
17 increment financing plan is set to expire or terminate, and whether
18 the tax increment financing plan expired during the immediately
19 preceding fiscal year.

20 (c) The date the authority began capturing tax increment
21 revenues.

22 (d) The current base year taxable value of the tax increment
23 financing district.

24 (e) The unencumbered fund balance for the immediately
25 preceding fiscal year.

26 (f) The encumbered fund balance for the immediately preceding
27 fiscal year.

1 (g) The amount and source of revenue in the account, including
2 the amount of revenue from each taxing jurisdiction.

3 (h) The amount in any bond reserve account.

4 (i) The amount and purpose of expenditures from the account.

5 (j) The amount of principal and interest on any outstanding
6 bonded indebtedness.

7 (k) The initial assessed value of the development area or
8 authority district by property tax classification.

9 (l) The captured assessed value retained by the authority by
10 property tax classification.

11 (m) The tax increment revenues received for the immediately
12 preceding fiscal year.

13 (n) Whether the authority amended its development plan or its
14 tax increment financing plan within the immediately preceding
15 fiscal year and if the authority amended either plan, a link to the
16 current development plan or tax increment financing plan that was
17 amended.

18 (o) Any additional information the governing body of the
19 municipality or the department of treasury considers necessary.

20 (2) The report described in subsection (1) shall be filed with
21 the department of treasury at the same time as the annual financial
22 report is filed with the department of treasury under section 4 of
23 the uniform budgeting and accounting act, 1968 PA 2, MCL 141.424.

24 (3) The report described in subsection (1) shall be made
25 available to the public on the authority's website, or if the
26 authority does not have a website, then on the municipality's
27 website. However, if the municipality creating an authority does

1 not have an existing website and chooses not to create a website,
2 the municipality shall maintain the records described in subsection
3 (1) at physical location within the municipality that is open to
4 the public.

5 Sec. 912. (1) Within 90 days of the effective date of this
6 act, each authority shall send a copy or an electronic mail link of
7 its currently adopted development plan or its currently adopted tax
8 increment finance plan, if separate from the development plan, to
9 the department of treasury.

10 (2) The documents described in subsection (1) shall be sent to
11 the department of treasury in the form and manner determined by the
12 department of treasury.

13 Sec. 915. (1) The department of treasury may institute
14 proceedings to compel enforcement of this act and shall send
15 written notification to an authority that fails to comply with this
16 act, to each taxing jurisdiction that has tax increment revenues
17 captured by the authority, and to the governing body of the
18 municipality that established the authority of a violation of any
19 provision of this act. The written notification shall specifically
20 detail the authority's noncompliance with this act.

21 (2) The department of treasury may promulgate rules necessary
22 for the administration of this act pursuant to the administrative
23 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

24 (3) If the department of treasury notifies an authority in
25 writing that the authority failed to comply with any provision of
26 this act, and after 60 days following receipt of that notice the
27 authority does not comply, that authority shall not capture any tax

1 increment revenues that are in excess of amounts necessary to pay
2 bonded indebtedness and other obligations for the period of
3 noncompliance. During the period of noncompliance, an authority
4 cannot amend or approve a tax increment financing plan. However, if
5 the period of noncompliance exceeds 2 consecutive years, that
6 authority shall not capture any tax increment revenues that are in
7 excess of amounts necessary to pay bonded indebtedness and other
8 obligations without a resolution of authorization of the
9 municipality that created the authority and each taxing
10 jurisdiction whose ad valorem taxes are subject to capture by the
11 authority. Any excess funds captured shall be returned to the
12 taxing jurisdiction from which they were captured as follows:

13 (a) For part 2, as provided in section 215(2).

14 (b) For part 3, as provided in section 314(2).

15 (c) For part 4, as provided in section 413(2).

16 (d) For part 5, as provided in section 523(7).

17 (e) For part 6, as provided in section 619(2).

18 (f) For part 7, as provided in section 716(2).

19 (g) For part 8, as provided in section 815(2).

20 Enacting section 1. The following acts are repealed:

21 (a) The historic neighborhood tax increment finance authority
22 act, 2004 PA 530, MCL 125.2841 to 125.2866.

23 (b) The private investment infrastructure funding act, 2010 PA
24 250, MCL 125.1871 to 125.1883.